



# **ANNUAL BUDGET**

## **2018-19**

Adopted by Council on 25 July 2018

# SHIRE OF AUGUSTA MARGARET RIVER

## BUDGET

FOR THE YEAR ENDED 30 JUNE 2019

### TABLE OF CONTENTS

CEO's Budget Overview	Part 1	i to iii
2018-19 Budget Summary		iv to xv
Statutory Financial Report	Part 2	1 to 26
- Statement of Comprehensive Income by Nature or Type		
- Statement of Comprehensive Income by Program		
- Statement of Cash Flows		
- Rate Setting Statement		
- Notes to and forming part of the Budget		
Business Unit Details	Part 3	1 to 82
Supplementary Information	Part 4	1 to 9
- Capital Works Expenditure and Funding Schedule		
- Grants and Contributions Revenue		
- Carry Forward Items		
- Debenture Repayments		
- Reserves		

### **SHIRE'S VISION**

Adapt to changing climate, environment and social dynamics and celebrate a sense of place for our local indigenous culture and our multicultural and creative community. Community Strategic Plan 2036

## CEO's Budget Overview

The 2018-19 balanced budget includes two very exciting major projects that have been long anticipated by the community and which are now ready for implementation.

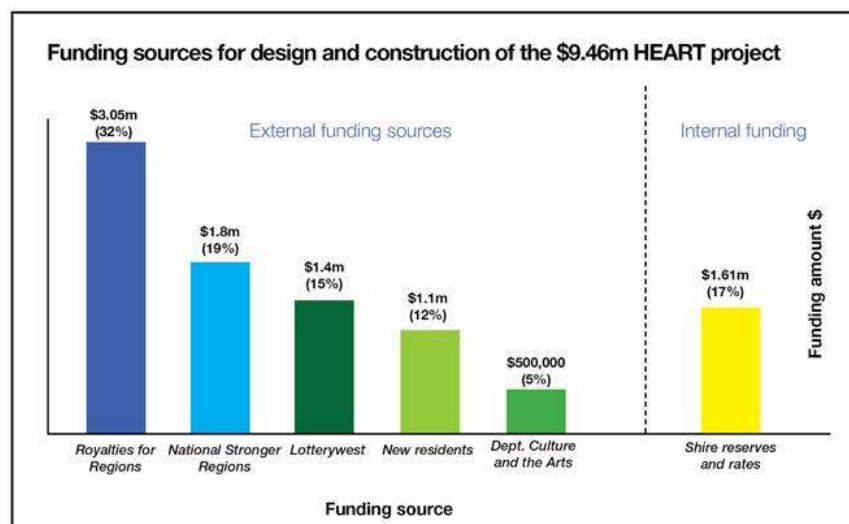
The redevelopment of the cultural centre building into the Margaret River HEART (Hub for Entertainment, Art, Recreation and Tourism) complex commenced in May 2018 and should be operational early in the 2019-20 financial year. Almost \$8.5 million has been set aside in this year's budget for the \$9.46 million project with the majority of this expenditure funded from grants and developer contributions obtained from a number of external sources including Royalties for Regions (\$3.05 million), Lotterywest (\$1.4 million), the Federal Government's National Stronger Regions Fund (\$1.8 million), the Regional Venues Improvement Fund (\$0.5 million) and a \$1.1 million loan serviced from Developer Contributions. A "once in a lifetime" opportunity is being taken to increase the seating in the main theatre from 300 patrons to almost 450 and a variety of multi-purpose venues and activity spaces will be created. Over 3,000 square metres of cancer causing asbestos cement sheeting will be permanently removed, which along with the extensive asbestos removal from the Augusta

Recreation Centre will result in only smaller community facilities in the Shire needing to be remediated.

Following the planned completion of the Perimeter Road in December 2018, civil works to upgrade the main

street of Margaret River are planned to commence in February 2019 with works staged to minimise disruption to business owners, community and visitors. However, works are required to be done in the dryer months when tourism is at a high level so there will be disruption and members of our community can assist by using alternate access ways to main street businesses. Ongoing support of our business community is essential while works are progressing. At an estimated cost of over \$7.5 million, with \$5.5 million provided by Royalties for Regions, this project will transform our town centre. The Shire will contribute \$2 million from land sales.

Of course there are many other services and projects included within the budget and with a total budgeted spend of over \$60 million there should be something to benefit everyone. Support of our existing services and facilities including libraries, recreation and aquatic centres, community halls, outside school hours child care, emergency services, youth facilities, trails, paths, roads, parks and rubbish collection make up a large portion of the budget. Compliance services are also a major role of local government and our planning, health, building and ranger areas ensure we are able to live in a generally harmonious community.



The Community Strategic Plan 2036 states our mission is to protect the natural environment, strengthen our communities, foster local economic prosperity and responsibly manage the community's infrastructure and assets. Our budget reflects this statement and has been strengthened in 2018-19 with increased emphasis upon environmental related works and planning, sustainable economic development and a continued focus on responsibly managing our community assets and providing for their maintenance and renewal. The overall economic impact of the Shire's budget should not be underestimated as most expenditure is spent locally. Additionally, with over 200 employees, most of whom live locally, they and their families make a major contribution to our community and economy.

Continued responsible financial management is the key objective of the Shire's long term financial planning, integrated corporate planning and annual budget in order to ensure the Shire's ongoing financial sustainability. To be sustainable our Shire needs to take a long-term view by restraining future spending and maximising revenue sources to fund that spending. This will ensure we avoid spikes in annual rate increase percentages and disruptive cuts in service delivery.

Influenced by continuing soft economic conditions and mindful of the impact cost increases have upon the community, Council approved a rate yield increase of 3% for 2018-19. This increase equated with the forecast in the Long Term Financial Plan and the increase that has applied for the past two years.

The other factor impacting property rates are the independent property valuations provided by Landgate. This year all properties in the Shire were revalued. Average changes were not significant with rural or unimproved value (UV) properties increasing by 0.08% and town site or gross rental value (GRV) properties increasing by 0.93%. For each valuation category, the values for a large number of properties did not change. As these percentage increases are overall averages for the valuation category, changes for individual properties may be lower or higher and consequently rates for some property owners may vary by more or even less than the 3% intended by Council.

Unfortunately as State Government and other charges increase, the costs of providing services and facilities also increase and consequently increased property rates are unavoidable in order to achieve a balanced budget for our community. Operating and capital expenditure demands totalling \$60 million are fully funded by rates, revenue, grants, reserves, loans and surplus budget funds from last year. This positive result is becoming increasingly difficult to achieve as obtaining funding for projects becomes more challenging.

As always the budget aims to deliver a balance of new and improved assets and a comprehensive range of important community services and facilities. Prudent use of our savings (reserves) and our borrowing capacity has allowed us to leverage ratepayer funds by obtaining grants funding 28% of our \$26.6 million capital works program. Almost half of the program is to be spent on renewing the Shire's asset base and as the budgeted amount exceeds the budgeted depreciation allocation, positively demonstrates a commitment to renewing our asset base.

With a forecast balance of over \$22 million in cash backed reserves, we are also improving our ability to meet significant future challenges including the upgrade of the main street of Margaret River and the conversion of the Davis Road Waste Landfill site to a waste transfer station servicing a regional waste facility.

The Shire continues to record a net operating deficit and while this is not uncommon amongst regional local governments, due primarily to the annual allocation of depreciation charges, the Shire's long-term financial objective is to generate sufficient operating revenue to at least meet operating expenditure needs. This would then allow increased funds to be allocated to renew and replace our significant capital asset base. However, it is once again pleasing to see this deficit is budgeted to reduce compared to last year's budget.

Employee costs are the Shire's largest expenditure item and are constantly being scrutinised by Council, management and the community. The Shire's enterprise agreement and Workforce Plan ensures workforce costs are restrained. On a budget to budget basis total operating employee costs (salaries, wages, superannuation, workers compensation, leave, uniforms, protective clothing, training and FBT) are expected to increase by 2.7%. An increase in the Shire's labour force establishment has been necessary to address pressures on meeting statutory requirements and corporate due diligence, meeting increasing operational service demands and providing increased resourcing for areas such as waste and environmental management in accordance with community expectations. Overall, the Shire's 2018-19 Budget will continue to provide a wide range of services and activities benefiting our community, including the following:

- Special Projects for the Landcare area total \$0.439 million and include the continuation of the \$0.2 million environmental management fund which provides financial support for on ground environmental projects and supports the Strategic Plan's key result area of valuing, protecting and enhancing the natural environment.
- Contributions for events include \$0.128 million for major events that increase visitor numbers and expenditure in the Shire and a further \$0.073 million provided to local events such as Australia Day, Anzac Day, the Agricultural Show and the Augusta River Festival.
- Over \$0.1 million has been allocated as donations, sponsorships and contributions to support local groups across the Shire.
- Our Community Planning and Development team have allocated \$0.252 million to youth, community capacity building, community resilience, disability access and inclusion projects, and arts and culture projects.
- The Shire continues to commit extensive expenditure to a myriad of community and recreation services such as the libraries, aquatic centre, indoor recreation centres, parks and gardens, recreation ovals, skate parks, halls, cultural centre, after school and school holiday child care and public toilets.

Our business unit reporting shows Caravan Parks and Building Services provide a contribution to the financial operation of the Shire. Other business units such as Outside School Hours Care and the Fitness Centre strive to record a close to break-even position. The Waste Services area is self-sufficient as waste fees and charges and reserve transfers fully fund operating and capital expenditure needs. However, the majority of business units are service providers and raise limited revenue or are providing services for the benefit of the community and are subsidised by general revenue as they are considered an investment in protecting the environment, fostering economic activity, enhancing the community's health, wellbeing and safety, and improving the quality of community life in the Shire.

## 2018-19 Budget Summary

A summary of the Annual Budget 2018-19 compared to the Forecast Actual result and Annual Budget for 2017-18 is provided below for reference purposes:

Description	2018-19 Budget \$'000s	2017-18 Forecast \$'000s	2017-18 Budget \$'000s
Rates	21,401	20,525	20,299
Operating Revenue	12,080	13,280	11,747
Operating Expenditure	(36,083)	(33,943)	(34,771)
Net Operating Result	(2,602)	(138)	(2,725)
Capital Grants	7,665	8,375	9,646
Profit/(Loss) on Asset Disposals	(147)	16	(151)
Net Result	4,916	8,253	6,769
Asset Purchases	(26,628)	(15,731)	(25,480)
Asset Sale Proceeds	1,457	584	2,136
Borrowings Repaid	(854)	(578)	(708)
New Borrowings	500	2,450	2,450
Transfers To Reserve	(3,045)	(5,685)	(2,748)
Transfers From Reserve	9,245	2,388	4,333
Brought Forward Surplus	5,104	4,332	4,041
Closing Budget Position	0	5,104	0

It is expected the Shire will commence the budget year with a surplus of \$5,103,678 from 2017-18. This is an increase on the budgeted result expected for 2017-18 and is the result of a number of factors including:

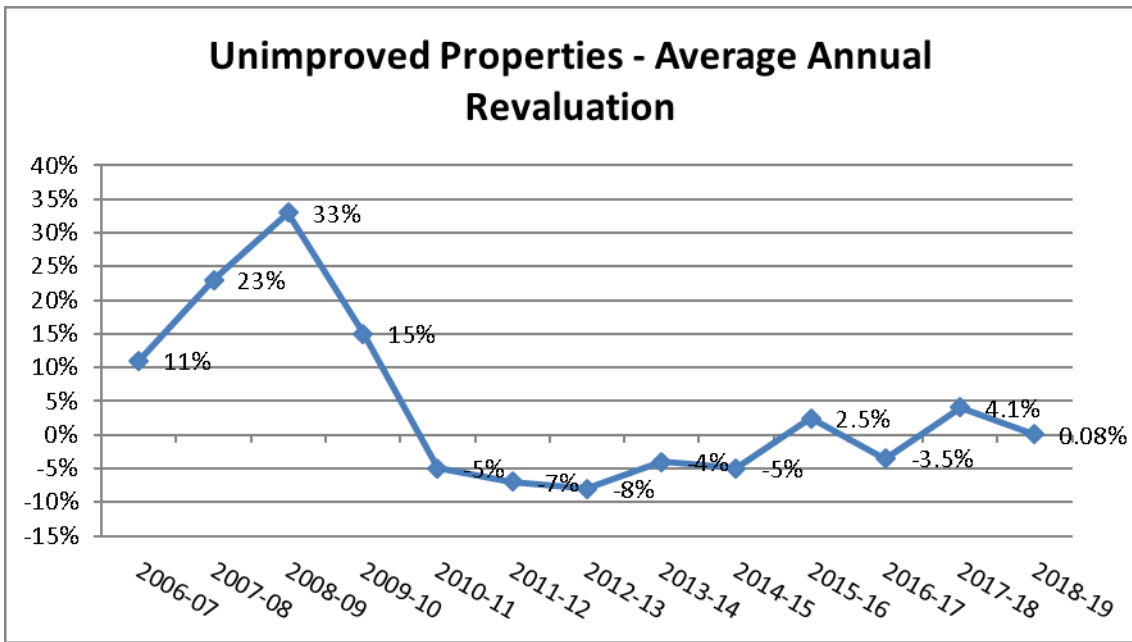
- Carrying forward various operating expenditure projects totalling \$576,486;
- Carrying forward various capital projects totalling \$3,750,860 including \$764,157 unspent loan for the Cultural Centre redevelopment project and \$548,755 unspent loan for asbestos removal and reinstatement projects;
- Carrying forward the advance payment for 2018-19 of Financial Assistance Grants of \$694,516 received in June 2018;
- Carrying forward the first quarter operating grants for bushfire brigades and the SES of \$81,816 received from DFES; and
- Various under and over expenditures and revenues for the year.

Expectations are that 2018-19 will end up with a balanced result.

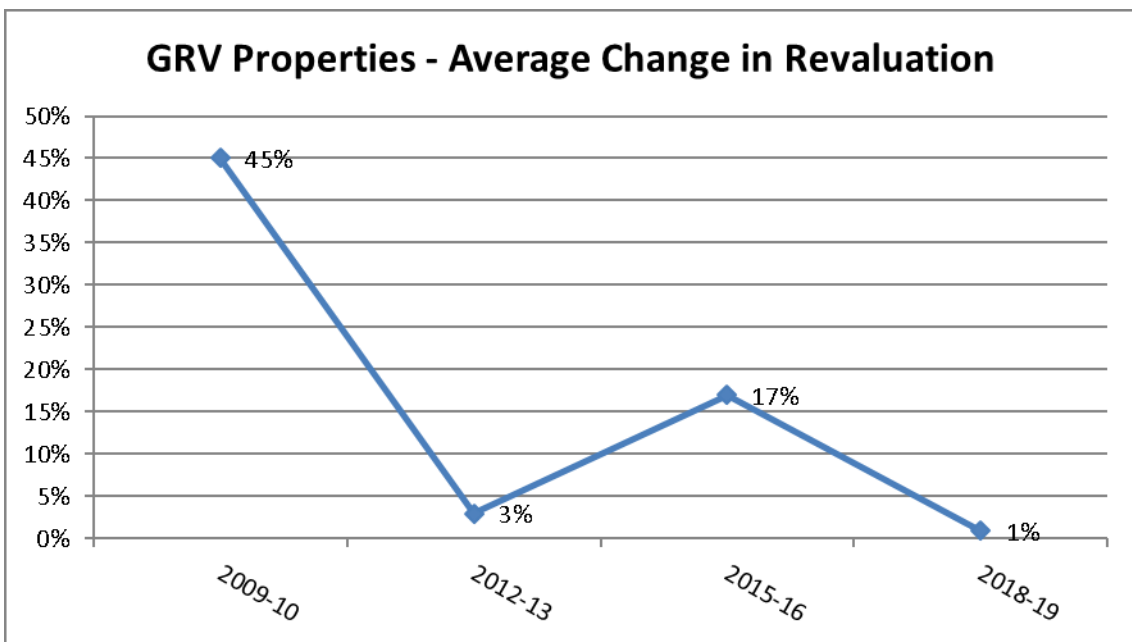
### Rates

Updated property values for rating purposes were received from Landgate for all properties in the Shire and are effective from 1 July 2018. Rural or Unimproved Value (UV) properties are revalued on an annual cycle and town site or Gross Rental Value (GRV) properties are revalued on a 3 year cycle.

Compared to the previous year's valuations rural property values only increased by an average of 0.08%. The majority of properties did not record any change in their valuation and of those that did the majority recorded a change in valuation ranging from -5% to 5%. the following chart shows the average annual change in unimproved property valuations since 2006-07.



Compared to the previous valuation, properties rated on the basis of their GRV increased by an average of 0.93%. This rate of increase is lower than the last revaluation and indicates rental values of properties have remained steady over the past 3 years. Review of the valuation data showed for the majority of properties variances ranged from -5% to 5% and there are a significant number of properties that recorded no change in valuation. The historical average change in the 3 year revaluations for GV properties is shown in the following chart.



The change in property valuations is one of the variables considered when determining the rating approach for the budget year and overall it was concluded the impact of the change in valuations was on average of low significance and did not justify altering the proposed rates in the dollar and minimum payments.

Other considerations to determine the rate yield for the budget include:

- expenditure and revenue forecast in the Shire's Long Term Financial Plan;
- the perceived affordability within the community of rate increases;
- proposed increases in State Government charges;
- the demand for services and whether the level of these services has changed;
- changes in the cost incurred by the Shire for expenditures including labour, materials, utilities, contractors and insurance;
- various indices and forecasts used to measure changes in costs;
- legislative compliance requirements; and
- the shortfall in funding required to ensure a budget deficit is not recorded.

Having considered these factors Council agreed to increase rates by 3% which was the same increase proposed in the Shire's Long Term Financial Plan and the same increase that has been applied for the past two years. As a result of this decision all minimum payments and rates in the dollar were increased by 3%.

The following table compares the rates in the dollar and minimum payments for the current and previous financial years.

<b>Rate Category</b>	<b>Rate in \$ 2018-19</b>	Rate in \$ 2017-18	<b>Minimum 2018-19</b>	Minimum 2017-18
Residential	<b>10.4957</b>	10.1900	<b>\$1,302</b>	\$1,264
Residential Vacant	<b>20.1062</b>	19.5206	<b>\$1,302</b>	\$1,264
Rural Residential	<b>10.0541</b>	9.7613	<b>\$1,585</b>	\$1,539
Rural Residential Vacant	<b>19.5707</b>	19.0007	<b>\$1,585</b>	\$1,539
Commercial, Industrial, Tourism	<b>12.4319</b>	12.0698	<b>\$1,399</b>	\$1,358
UV Rural	<b>0.4590</b>	0.4456	<b>\$1,461</b>	\$1,418
UV1 One non-rural use	<b>0.5737</b>	0.5570	<b>\$1,461</b>	\$1,418
UV2 Two non-rural uses	<b>0.6885</b>	0.6684	<b>\$1,461</b>	\$1,418
UV3 Over two non-rural uses	<b>0.8032</b>	0.7798	<b>\$1,461</b>	\$1,418
Strata titled vineyard	<b>0.4590</b>	0.4456	<b>\$1,461</b>	\$1,418
UV Conservation	<b>0.4486</b>	0.4355	<b>\$1,406</b>	\$1,365

The table shows the minimum payment has increased by \$38 for residential property owners (\$37 last year), \$41 for commercial property owners (\$40 last year) and \$43 for rural property owners (\$41 last year). This increase equates to about 80 cents per week and 17% of total ratepayers would receive an increase of this magnitude.

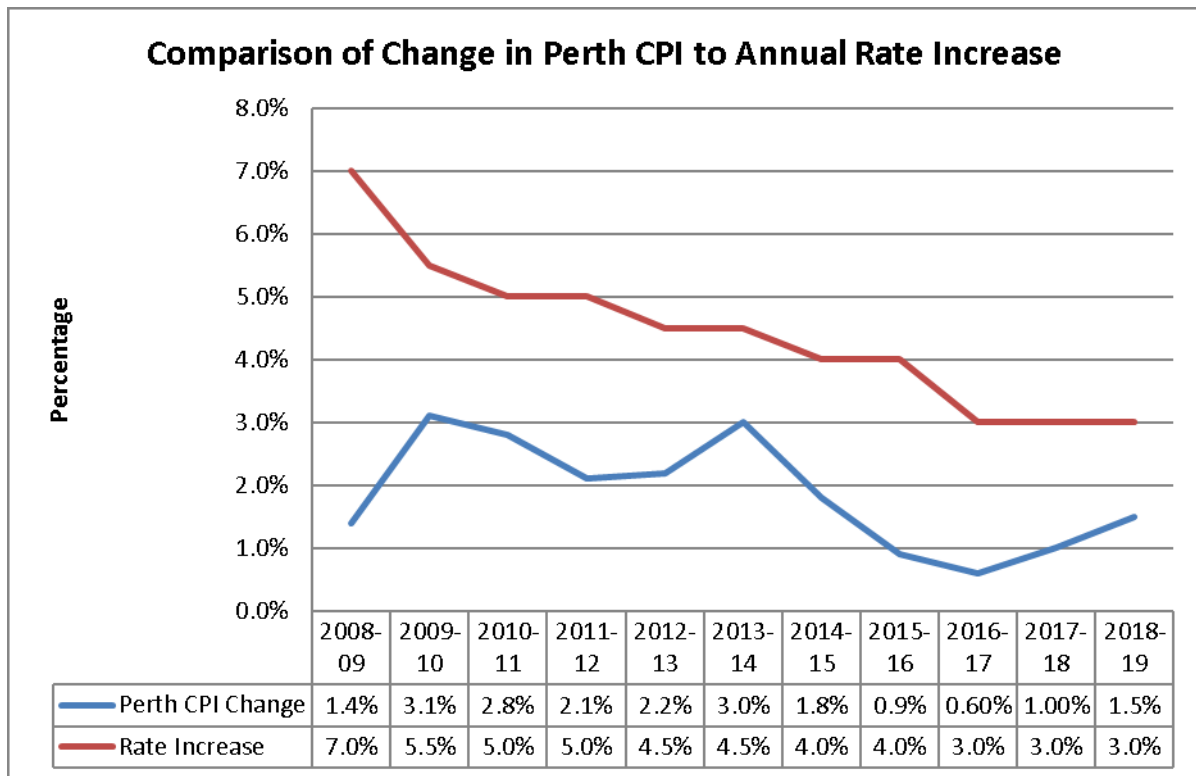
For ratepayers not charged the minimum payment, the change in rates payable compared to last year is difficult to determine as it depends on the change in the valuation of the property. In some cases property valuations may have decreased and will result in a lower rate charge than last year and for properties whose value did not change the rate increase will be 3%. Unfortunately, property owners whose property valuation did increase will receive a rate increase greater than 3%.

The following chart compares annual rate increases to the change in the Perth Consumer Price Index<sup>1</sup> and shows the gap is clearly decreasing. Whilst this demonstrates rate increases are becoming more affordable compared to the past, the decline also means that

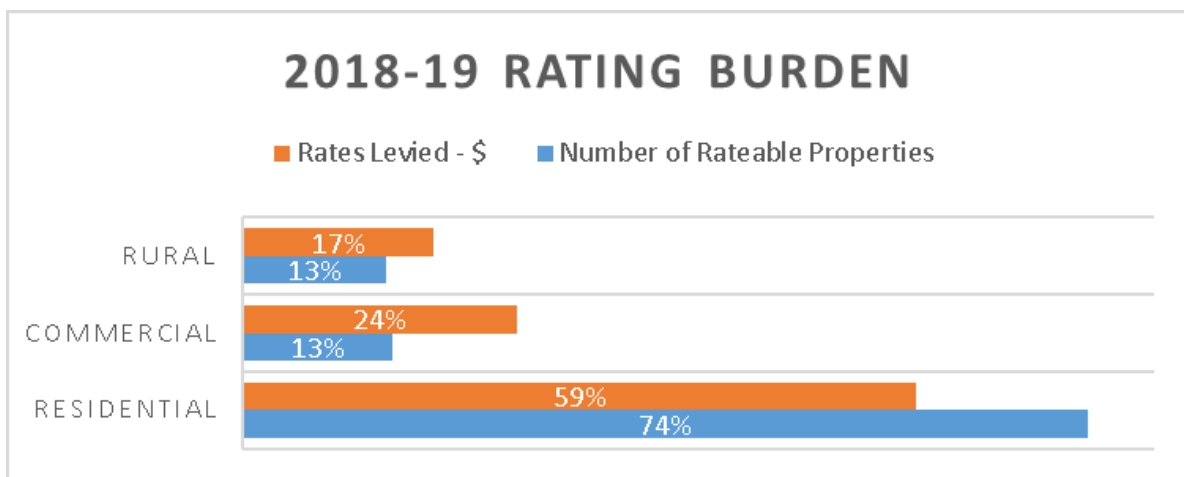
<sup>1</sup> Source of Perth CPI is the Australian Bureau of Statistics up to 2016-17 and WA Treasury forecasts for 2017-18 and 2018-19.



it is becoming increasingly difficult to fund expenditure demands that often increase by greater than CPI.



The overall objective for rating is to achieve equity and consistency between rate categories for similar land uses. This rate burden is represented in the following chart and shows that when rates levied are compared with the number of rateable assessments, residential ratepayers are subsidised by rural and commercial ratepayers. In total 87% of rateable assessments are rated on the basis of their GRV and contribute 83% of total rate income and 13% of properties are rated as UV and contribute 17% of total rate income.



For 2018-19 a total of \$21,400,660 is budgeted to be obtained from property rates (including interim and back rates of \$170,000) and represents an increase of 4.27% on total rate revenue for 2017-18. The year on year increase in rate revenue for 2017-18 was 4.81%, 2016-17 was 4.90%, 2015-16 was 6.76% and 2014-15 was 5.50%. Interim rates raised after

residential and commercial properties are developed contributed to the higher annual percentage increases for previous years.

Growth in the number of properties for 2017-18 was similar to the previous year with the property database used to calculate rates for the budget having a total of 9,683 properties compared to 9,512 properties included in the 2017-18 budget. The increase of 171 properties for 2017-18 represents a growth rate of 1.8%. Should the number of properties increase by 200 in 2018-19 the growth rate would be 2.1%.



## Fees and Charges

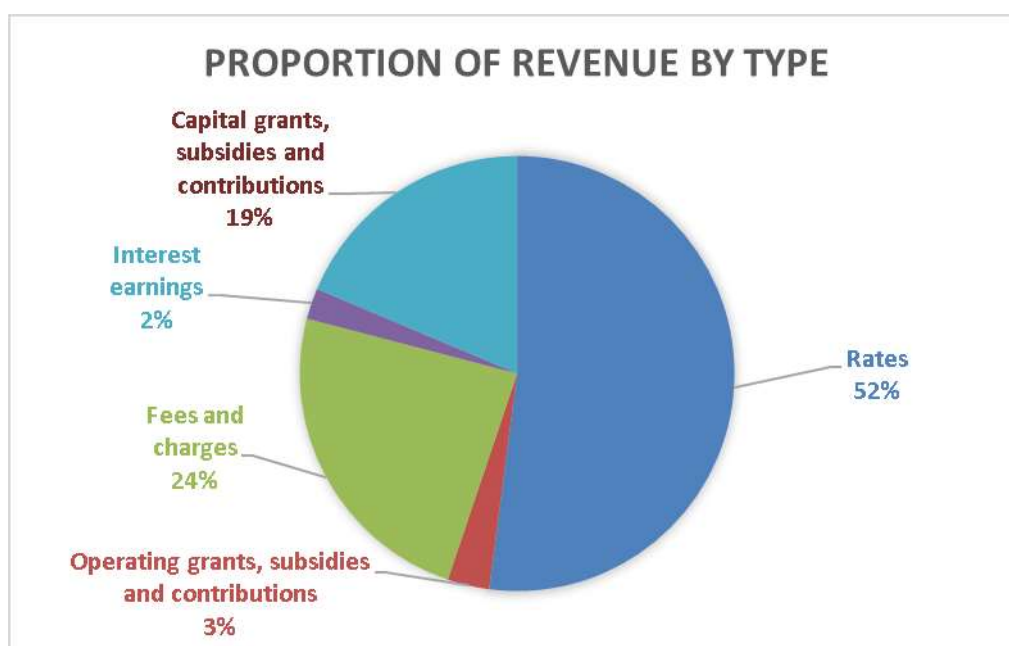
Fees and charges were reviewed to ensure improved cost recovery and in many cases have been increased by up to 3%. Although the growth in the Perth CPI for the period March 2017 to March 2018 was only 0.9% a greater escalation rate was used to be consistent with the increase applied for 2017-18, the assumptions of the Long Term Financial Plan and WA Treasury's forecast of a 1.5% increase in the Perth CPI for 2018-19. Statutory changes to fees and charges for items such as planning fees have also been included.

Council approved the fees and charges for advertising at their meeting on 23 May 2018 and following the statutory public notice period the new fees and charges were implemented on 1 July 2018.

Total fees and charges are budgeted to be \$9.823 million compared to the 2017-18 budget of \$9.383 million and forecast actual for 2017-18 of \$9.679 million. The major contributors to fees and charges are waste collection and disposal charges and caravan park fees. Growth in the number of and demand for services in these areas has contributed to fees and charges increasing by 1.5% on a budget to actual basis. Forecast actual fees and charges for 2017-18 exceeded budget predictions due primarily to the growth in these services.

Fees and charges constitute 24% of total budgeted revenue and income from property rates constitutes 52%. As these are the Shire's main sources of revenue it is important to ensure the proportion raised does not decrease in order to ensure the Shire is controlling its own sources of revenue. The following chart shows the proportion of revenue for all sources of

revenue and clearly shows how important fees and charges and property rates are to the Shire's financial position and ongoing financial sustainability.



The own source revenue coverage ratio compares own source operating revenue to operating expenses and measures the ability to cover operating expenses from own source revenue. Historically the ratio result has been in the range of 89% to 91% and is very close to the advanced standard benchmark set by the Department of Local Government, Sport and Cultural Industries of 90%. For the 2018-19 Budget the ratio is calculated to be 89%.

### Grants

A total of \$8.947 million of operating and capital grants and contributions are included in the budget. This amount is lower than originally anticipated as the Federal Government provided an advance payment of 50% of the 2018-19 allocation of the Financial Assistance Grants (FAGs) distributed by the WA Local Government Grants Commission. This advance payment of \$0.695 million was received in late June 2018 and is included in the brought forward amount for the 2018-19 Budget. The advance payment distorts comparison of financial results and ratios between years as it inflates operating grants for 2017-18 and understates operating grants for 2018-19.

Operating grants of \$1.282 million include the Emergency Services Levy (ESL) grants of \$0.245 million for the voluntary SES and Bushfire Brigade services and contributions of \$0.060 million for the Community Emergency Services Manager, grants for the operation of the Outside School Hours Care service, Community Planning and Development grants of \$0.028 million, kids sport grants of \$0.023 million and various other grants and contributions for specific projects and activities for business units.

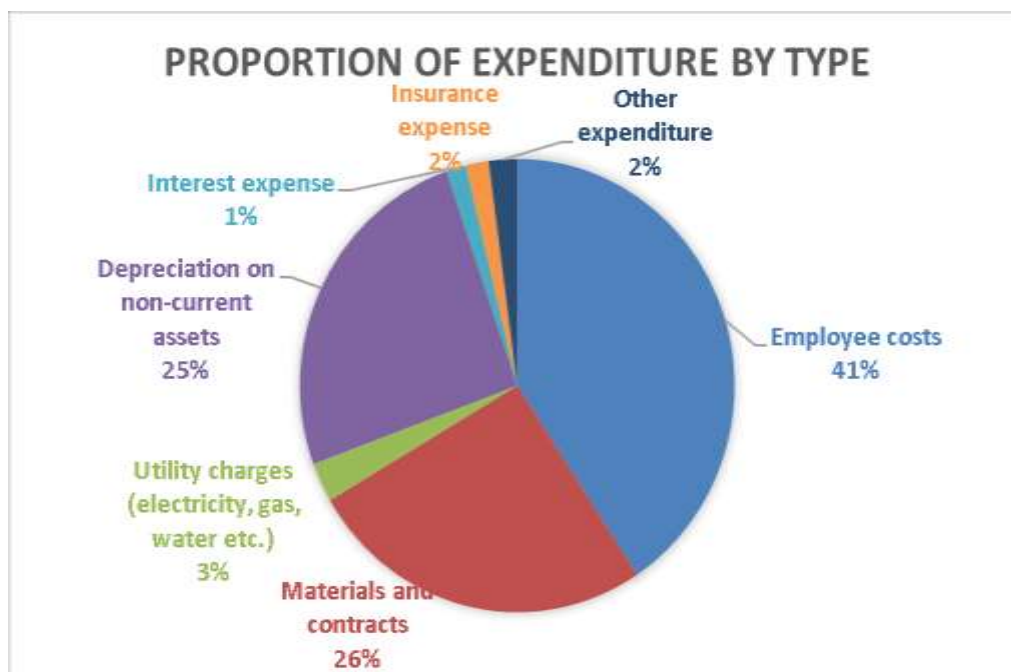
\$7.665 million of capital grants and contributions are provided for specific purposes and include:

- \$3.750 million for the Cultural Centre redevelopment project including \$1.800 million from the National Stronger Regions Fund, \$1.400 million from Lotterywest and the second instalment from royalties for Regions of \$0.550 million.

- \$0.818 million for replacement of bushfire brigade vehicles including appliances for the Rosa Brook and Witchcliffe brigades, as well as grants and contributions for building works for the Cowaramup and Wallcliffe brigades;
- \$1.626 million from Main Roads WA through the Regional Roads Group for road works primarily on Warner Glen Road, Wallcliffe Road, Boodjidup Road and Surfers Point Road;
- \$0.050 million from Lotterywest for the extension of the Wadandi track;
- \$0.116 million from the South West Development Commission for the Cape to Cape winter diversion trail;
- \$0.181 million in two grants from the Recreational Boating and Facilities Scheme for the Ellis Street boat ramp, finger jetty and boat trailer parking project;
- \$0.332 million from the Department of Sport and Recreation's Community Sport and Recreation Facilities Fund grant for the development of the Lower Western Oval;
- \$0.405 million from Lotterywest for Cowaramup Hall building works;
- \$0.045 million WA Bicycle Network grant to extend the path to the Margaret River Education Campus; and
- \$0.200 million in developer contributions are to be transferred to Developer Contributions reserve to fund future works.

### Operating Expenditure

Total operating expenditure of \$36.232 million is budgeted for 2018-19 and compares to the budget and forecast actual for 2017-18 of \$34.936 million and \$33.975 million respectively with the increases being 3.7% and 6.7% year on year. The carryover of operating expenditure from 2017-18 contributes to the larger percentage change being recorded when the budget to forecast actual are compared.



The previous chart provides a breakdown of operating expenditure and shows that employee costs continue to be the Shire's largest expenditure item with materials and contracts and depreciation being the next largest. Compared to the 2017-18 budget, depreciation as a

proportion of expenditure has decreased to 25% from 26%, employee costs have remained steady at 41% and materials and contracts has increased from 25% to 26%.

The fair value revaluation of the Shire's infrastructure assets at 30 June 2018 is likely to result in asset values increasing and the impact upon depreciation has not been taken into consideration in this budget as the calculations have not been completed.

Prior to the mandatory revaluation of fixed assets coming into effect from 1 July 2012 the written down value of the Shire's fixed assets was \$189.754 million. At 30 June 2017 their value had increased to \$384.174 million or an increase of 102%. With the addition of capital expenditure for 2017-18 and the infrastructure revaluation for the year this balance is expected to increase. Over the same timeframe depreciation has increased from \$5.587 million or 20% of operating expenditure in 2011-12 to the proposed \$9.147 million or 25% of operating expenditure in 2018-19.

The accuracy of the calculation and allocation of depreciation should improve as knowledge of the Shire's asset base through condition reports, useful life assessments, asset componentisation and determination of non-depreciable amounts improves.

### **Employee Costs**

The Shire has budgeted for a workforce of 170.9 full time equivalent (FTE) staff in 2018-19 compared to 168.2 FTE budgeted last year. The increase of 2.7 FTEs is due to a number of new positions required to respond to community requests for increased service levels for areas such as libraries and online communications, address pressures on meeting statutory compliance requirements and provide for increased resourcing for waste, environmental management and other areas in accordance with community expectations. The new positions have been offset by the removal of long-term vacancies and other changes to labour force establishments within business units.

The main changes include:

- Addition of a part time (0.4 FTE) Digital Officer;
- Increase the Governance Officer by 0.2 FTE to deal with risk management;
- Procurement Officer increased to full time (0.1 FTE);
- Library Assistant (0.5 FTE) added;
- Caravan Park Chalet Cleaner (0.3 FTE) added;
- Aquatic Services Officer (1 FTE) removed and reallocated;
- Project Planning Officer (0.5 FTE) added;
- Engineering Technical Officer (0.5 FTE) added;
- Project Manager role increased by 0.5 FTE;
- Administration Officer for Community buildings (1 FTE) added;
- Trainee gardener position (1 FTE) added;
- General hand position (1 FTE) removed;
- Waste Education and Projects Officer increased by 0.3 FTE;
- Strategic Planning Officer (0.5 FTE) added;
- Seasonal Ranger removed (0.5 FTE); and
- Bushfire Risk Planning Coordinator removed (1 FTE).

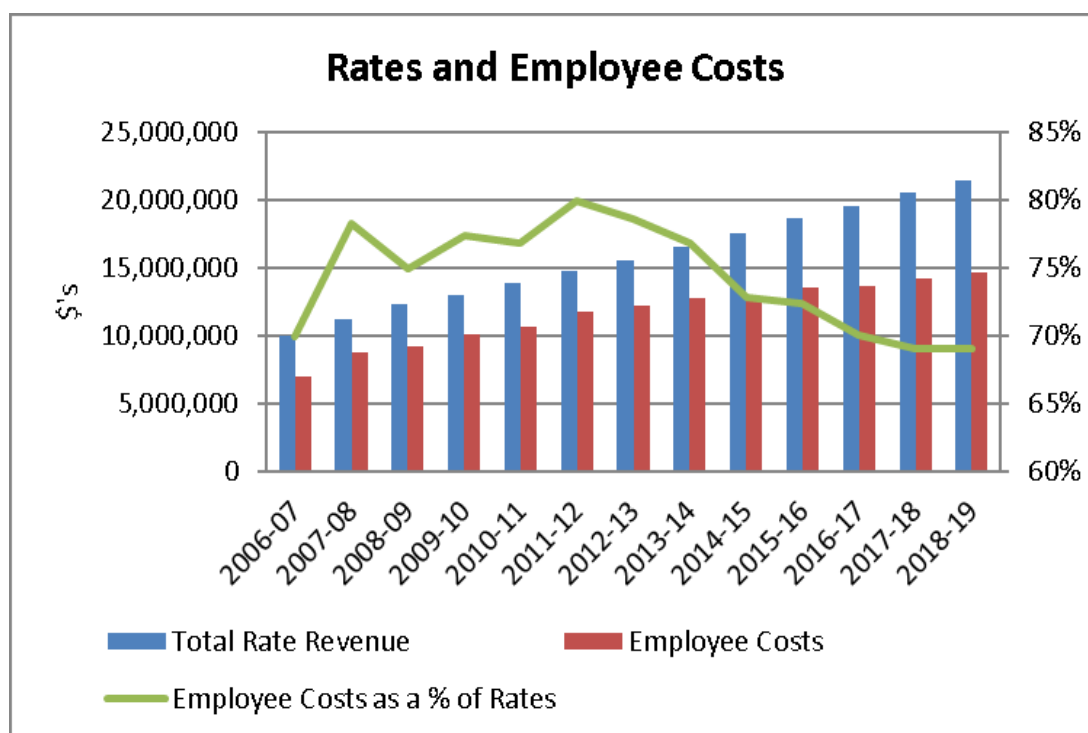
Labour cost increases have been restricted to the across the board wage increase of 2.5% contained in the Shire's 2016 Enterprise Agreement and performance based increases of

2% for eligible employees. The Shire has also budgeted for a full workforce complement and has not included a vacancy rate as it is not possible to forecast expected vacancies and their duration. Furthermore, to minimise the financial impact of the new positions the budget has assumed only half of their labour cost for the year on the basis that recruitment is required.

On a budget to budget basis total employee costs included in operating expenditure are expected to increase from \$14.295 million to \$14.686 million or by 2.7%. This percentage increase confirms that growth in employee costs is being restrained.

Total employee expenses for 2017-18 are expected to be under budget by only 0.3%. Staff vacancies, including a number of positions taking longer to fill than expected, extended leave, under budget training, workers compensation and Fringe Benefits Tax all contributed to under budget employee expenses but were offset by the calculation of accrued leave provisions being higher than expected as well as higher than budget uniforms, protective clothing and recruitment expenses.

The following chart compares operating employee costs and rates and shows that for 2018-19 budgeted operating employee costs constitute approximately 69% of budgeted rates and is the same ratio as 2017-18.



### Capital Works Programme

\$26.628 million has been allocated towards capital works and the following table provides a breakdown of the type of expenditure and the source of funding.

<b>Capital Expenditure and Funding Source</b>	<b>\$</b>	<b>%</b>
Asset Renewal Expenditure	12,947,520	48.6%
New Assets	3,384,310	12.7%
Asset Upgrades	10,296,168	38.7%
<b>Total Capital Expenditure</b>	<b>26,627,998</b>	
Funded by:		
General Revenue	5,498,770	20.7%
Reserves	9,060,072	34.0%
Grants and Contributions	7,381,114	27.7%
Loans	500,000	1.9%
Asset Sale Proceeds	437,182	1.6%
Previous Period Funding (carry overs)	3,750,860	14.1%

The table shows the majority of expenditure is used to renew capital assets as opposed to upgrading assets or acquiring new assets. This is a positive situation and the proposed asset renewal expenditure exceeds the 100% target for the Asset Sustainability Ratio which compares asset renewal expenditure against depreciation. This result is influenced by how proposed capital expenditure is categorised and is a developing asset management process.

New asset expenditure proposed for the year includes:

- the development of the public open space adjacent to the Rapids Landing School Oval (\$426,150) will be funded from reserves and a carryover;
- landscaping of John Archibald Drive of \$250,000 will be funded from reserves and general revenue;
- the second instalment payable to the Department of Education for the Rapids Landing School Oval of \$320,000 is funded from land asset sales and reserves;
- purchase of land for the Cape to Cape winter diversion trail along the Margaret River of \$170,000 is funded from general revenue;
- extension of Heppingstone View to Allnutt Terrace cost of \$180,000 is to be funded from reserves;
- construction of chalets at Turner Caravan Park (\$500,000) is funded from reserves;
- continuation of the Flinders Bay to Cape Leeuwin Lighthouse Trail (\$450,000) is funded by carryover funds and reserves; and
- extension of the Wadandi track (\$100,000) is expected to be partly funded by a Lotterywest grant.

A major asset upgrade project which also includes an asset renewal component is the Cultural Centre redevelopment (\$8.463 million). This project is funded by a combination of grants, reserves, loans and general revenue. The Cowaramup Hall project also involves renewal and upgrade works.

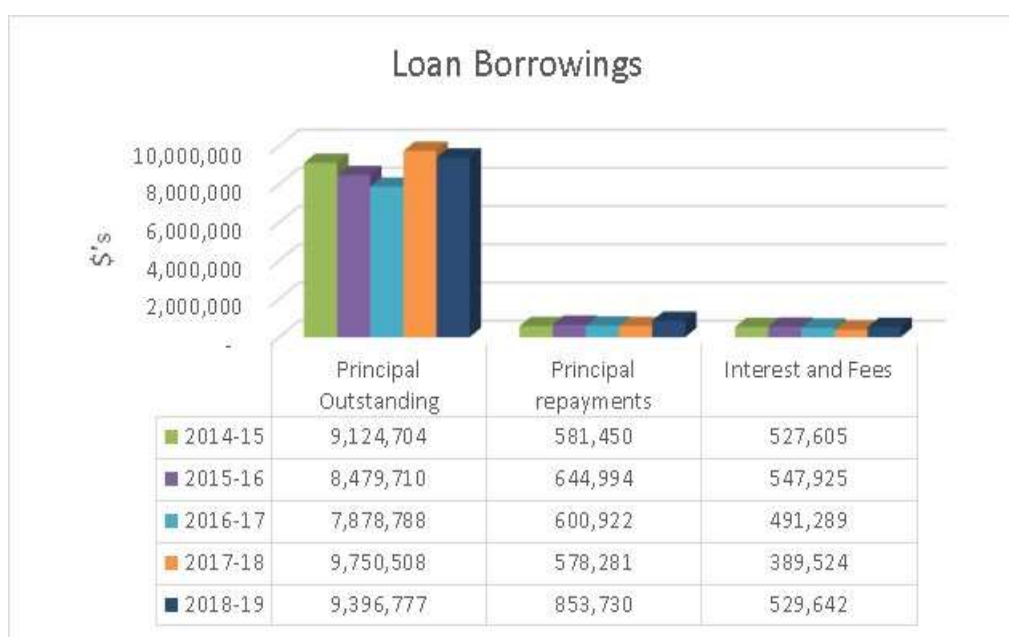
Other asset upgrade projects include works to the Cowaramup Bushfire Brigade shed, landfill site fencing, leachate pond upgrade and construction of a waste cell at the Davis Road landfill site, the Gloucester Park lower western oval development (\$1.169 million), path expansion, the Ellis Street boatramp finger jetty and various upgrades to caravan park infrastructure. The redevelopment of the Margaret River main street is a major asset upgrade project and \$2.550 million allocated in the budget is funded from reserves with civil works expected to commence in February 2019.

The majority of road and related infrastructure projects have been categorised as asset renewal expenditure as the scheduled works have the objective of restoring service levels. \$4.075 million is allocated to road and infrastructure preservation works with the majority of road works funded by the State Government’s Regional Road Group grants administered through Main Roads WA. 2018-19 is the final year of the current five year Roads to Recovery grant allocation from the Federal Government. However, as the Shire chose to obtain its 2018-19 allocation earlier in this program no grant will be received this year.

Details of each capital project and their proposed funding source are included in the Capital Works Expenditure and Funding Schedule included within the supplementary information to the budget.

### Loan Borrowings

The following chart compares loan principal outstanding, principal and interest repayments since 2014-15. Whilst principal and interest repayments have remained generally stable over the past 5 years an increase is expected in 2018-19 as a result of the recent new borrowings. Principal outstanding has also been declining until the borrowing of three loans in 2017-18. Loan principal outstanding is expected to decrease to \$9.397 million from the peak of \$9.751 million at 30 June 2018. A loan of \$0.500 million for the Cultural Centre project is to be drawn down during the year at a budgeted fixed interest rate of 3.58% for 15 years.



### Reserves

The forecast balance of reserves at 30 June 2018 of \$28.274 million exceeded budget expectations due to a number of factors including unspent funds for waste management being transferred to reserves and the first instalment of \$2.500 million for the Royalties for Regions grant for the Cultural Centre redevelopment being received and transferred to the Community Facilities reserve.

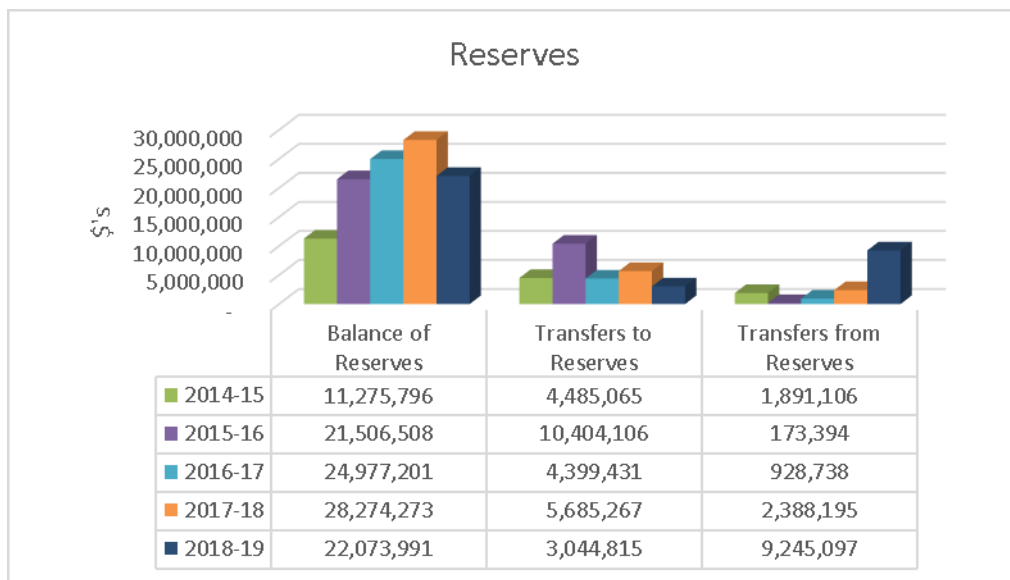
For 2018-19 transfers from reserves of \$9.245 million are expected for various projects including:



- the Lower Western Oval (\$0.625 million);
- Turner Caravan Park chalets and power upgrade (\$0.647 million);
- replacement of mobile plant and equipment (\$0.720 million);
- Cultural Centre redevelopment (\$3.448 million);
- Rapids Landing Primary School Oval and Public Open Space (\$0.460 million);
- Margaret River main street upgrade (\$2.550 million); and
- the Flinders Bay to Cape Leeuwin Path (\$0.120 million).

Additionally funds are transferred from the Developer Contributions reserve for principal and interest repayments for loans totalling \$1.450 million drawn down for the Cultural Centre and Margaret River Youth Precinct projects.

Transfers to reserves are expected to total \$3.045 million of which \$0.450 million is interest earned, \$0.200 million are expected developer contributions to be received, \$1.090 million are expected property sale proceeds, \$0.200 million is to be transferred to the Plant Replacement reserve, \$0.850 million is to be transferred to the Waste Management reserve and \$0.200 million to the Caravan Park Upgrade reserve.



As transfers from reserves exceed transfers to reserves the forecast balance of reserves is expected to reduce to \$22.074 million. Should all budgeted reserve transfers occur the Shire's most significant reserves would be:

- Waste Management reserve with \$10.279 million;
- Margaret River CBD Redevelopment reserve with \$5.131 million;
- Infrastructure Contributions reserve with \$1.290 million;
- Plant Replacement reserve with \$0.915 million;
- Developer Contributions reserve with \$0.983 million; and
- Community Facility reserve with \$0.546 million.

**SHIRE OF AUGUSTA MARGARET RIVER**

**BUDGET**

**FOR THE YEAR ENDED 30 JUNE 2019**

**TABLE OF CONTENTS**

Statement of Comprehensive Income by Nature or Type	2
Basis of Preparation	3
Statement of Comprehensive Income by Program	4
Statement of Cash Flows	6
Rate Setting Statement by Program	7
Rates and Service Charges	8
Net Current Assets	14
Reconciliation of Cash	16
Fixed Assets	17
Asset Depreciation	19
Borrowings	20
Cash Backed Reserves	21
Fees and Charges	23
Grant Revenue	23
Other Information	24
Major Land Transactions, Joint Ventures, Trusts	25
Significant Accounting Policies - Other	26

**SHIRE'S VISION**

Adapt to changing climate, environment and social dynamics and celebrate a sense of place for our local indigenous culture and our multicultural and creative community. Community Strategic Plan 2036

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2019**

**BY NATURE OR TYPE**

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1	21,400,660	20,524,977	20,299,508
Operating grants, subsidies and contributions	9	1,281,929	2,396,242	1,509,315
Fees and charges	8	9,822,552	9,678,817	9,382,506
Service charges	1(f)	4,333	4,333	4,333
Interest earnings	10(a)	943,421	1,009,731	824,191
Other revenue	10(b)	27,700	190,678	26,500
		<u>33,480,595</u>	<u>33,804,778</u>	<u>32,046,353</u>
<b>Expenses</b>				
Employee costs		(14,686,312)	(14,255,502)	(14,294,716)
Materials and contracts		(9,326,709)	(7,920,616)	(8,616,475)
Utility charges		(1,019,146)	(1,031,636)	(1,211,290)
Depreciation on non-current assets	5	(9,146,640)	(9,114,369)	(9,046,640)
Interest expenses	10(d)	(529,642)	(485,858)	(505,030)
Insurance expenses		(615,473)	(592,577)	(627,699)
Other expenditure		(758,636)	(542,067)	(469,472)
		<u>(36,082,558)</u>	<u>(33,942,625)</u>	<u>(34,771,322)</u>
		(2,601,963)	(137,847)	(2,724,969)
Non-operating grants, subsidies and contributions	9	7,664,592	8,374,650	9,645,626
Profit on asset disposals	4(b)	2,000	47,538	13,023
Loss on asset disposals	4(b)	(149,042)	(31,973)	(164,345)
<b>Net result</b>		<b>4,915,587</b>	<b>8,252,368</b>	<b>6,769,335</b>
<b>Other comprehensive income</b>				
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>4,915,587</b>	<b>8,252,368</b>	<b>6,769,335</b>

This statement is to be read in conjunction with the accompanying notes.

## FOR THE YEAR ENDED 30TH JUNE 2019

### BASIS OF PREPARATION

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

### THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Augusta Margaret River controls resources to carry on its functions have been included in the financial statements forming part of this budget.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to the budget.

### 2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

### KEY TERMS AND DEFINITIONS - NATURE OR TYPE

#### REVENUES

##### RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears and service charges.

##### SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

##### PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

##### OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

##### NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

### REVENUES (CONTINUED)

#### FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

#### INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

#### OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

#### EXPENSES

##### EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

##### MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

##### UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

##### INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

##### LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

##### DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

##### INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

##### OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2019**

**BY PROGRAM**

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		303,158	452,409	362,560
General purpose funding		23,262,379	23,217,515	21,982,432
Law, order, public safety		517,149	828,094	590,401
Health		123,915	121,961	110,965
Education and welfare		463,300	456,838	305,500
Community amenities		5,270,400	5,173,744	4,934,451
Recreation and culture		990,300	959,867	1,247,320
Transport		105,600	150,763	134,200
Economic services		2,424,394	2,415,578	2,358,524
Other property and services		20,000	28,012	20,000
		<b>33,480,595</b>	<b>33,804,781</b>	<b>32,046,353</b>
<b>Expenses excluding finance costs</b>	5,10(c),(e),(f)			
Governance		(7,373,991)	(6,446,394)	(6,874,989)
General purpose funding		(924,086)	(1,018,985)	(1,037,478)
Law, order, public safety		(1,941,723)	(1,945,469)	(1,777,183)
Health		(570,020)	(499,843)	(548,649)
Education and welfare		(438,968)	(443,308)	(343,658)
Community amenities		(4,565,010)	(3,707,747)	(3,932,313)
Recreation and culture		(8,485,683)	(8,418,314)	(8,457,907)
Transport		(9,665,395)	(9,485,159)	(9,612,981)
Economic services		(1,522,230)	(1,445,935)	(1,582,072)
Other property and services		(65,810)	(45,616)	(99,062)
		<b>(35,552,916)</b>	<b>(33,456,770)</b>	<b>(34,266,292)</b>
<b>Finance costs</b>	6, 10(d)			
Governance		(330,210)	(346,508)	(344,634)
Community amenities		(2,556)	(5,257)	(5,431)
Recreation and culture		(156,430)	(88,443)	(108,776)
Economic services		(40,446)	(45,650)	(46,189)
		<b>(529,642)</b>	<b>(485,858)</b>	<b>(505,030)</b>
		<b>(2,601,963)</b>	<b>(137,847)</b>	<b>(2,724,969)</b>
Non-operating grants, subsidies and contributions	9	7,664,592	8,374,650	9,645,626
Profit on disposal of assets	4(b)	2,000	47,538	13,023
(Loss) on disposal of assets	4(b)	(149,042)	(31,973)	(164,345)
<b>Net result</b>		<b>4,915,587</b>	<b>8,252,368</b>	<b>6,769,335</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>4,915,587</b>	<b>8,252,368</b>	<b>6,769,335</b>

This statement is to be read in conjunction with the accompanying notes.

## FOR THE YEAR ENDED 30TH JUNE 2019

### KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
<b>GOVERNANCE</b>	To provide a decision making process for the effective allocation of scarce resources.	Include the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	
<b>HOUSING</b>	To provide rental and staff housing.	Provision of staff and rental housing. However, the Shire has no housing of this nature.
<b>COMMUNITY AMENITIES</b>	To provide services by the community.	
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	
<b>ECONOMIC SERVICES</b>	To help promote the Shire and its economic wellbeing.	
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control the Shire's overheads operating accounts.	

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019**

**BY NATURE OR TYPE**

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		21,400,660	20,723,521	20,349,508
Operating grants, subsidies and contributions		1,981,929	1,624,249	1,909,315
Fees and charges		9,822,552	9,678,817	9,382,506
Service charges		4,333	4,333	4,333
Interest earnings		943,421	1,009,731	824,191
Goods and services tax		0	21,671	300,000
Other revenue		27,700	190,678	26,500
		<b>34,180,595</b>	<b>33,253,000</b>	<b>32,796,353</b>
<b>Payments</b>				
Employee costs		(14,605,312)	(14,196,605)	(14,394,716)
Materials and contracts		(9,026,709)	(7,404,936)	(8,979,375)
Utility charges		(1,019,146)	(1,031,636)	(1,211,290)
Interest expenses		(529,642)	(371,638)	(495,030)
Insurance expenses		(615,473)	(592,577)	(627,699)
Other expenditure		(758,636)	(542,067)	(469,472)
		<b>(26,554,918)</b>	<b>(24,139,459)</b>	<b>(26,177,582)</b>
<b>Net cash provided by (used in) operating activities</b>	3	<b>7,625,677</b>	<b>9,113,541</b>	<b>6,618,771</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(13,787,785)	(6,067,652)	(12,148,255)
Payments for construction of infrastructure	4(a)	(12,840,213)	(9,663,842)	(13,331,283)
Non-operating grants, subsidies and contributions used for the development of assets	9	7,664,592	8,374,650	9,645,626
Proceeds from sale of plant & equipment	4(b)	1,217,182	583,961	2,136,000
<b>Net cash provided by (used in) investing activities</b>		<b>(17,746,224)</b>	<b>(6,772,883)</b>	<b>(13,697,912)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6	(853,729)	(578,281)	(708,194)
Advances to community groups	6	0	(18,815)	(5,200)
Proceeds from interest free & self supporting loans	6(a)	11,317	12,701	12,700
Proceeds from new borrowings	6(b)	500,000	2,450,000	2,450,000
<b>Net cash provided by (used in) financing activities</b>		<b>(342,412)</b>	<b>1,865,605</b>	<b>1,749,306</b>
<b>Net increase (decrease) in cash held</b>		<b>(10,462,959)</b>	<b>4,206,263</b>	<b>(5,329,835)</b>
Cash at beginning of year		34,242,729	29,992,450	30,008,061
<b>Cash and cash equivalents at the end of the year</b>	3	<b>23,779,770</b>	<b>34,198,713</b>	<b>24,678,226</b>

This statement is to be read in conjunction with the accompanying notes.

**RATES SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2019**

**BY REPORTING PROGRAM**

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2	5,103,678	4,331,506	4,041,229
		5,103,678	4,331,506	4,041,229
<b>Revenue from operating activities (excluding rates)</b>				
Governance		303,158	452,409	362,560
General purpose funding		1,861,719	2,692,538	1,682,924
Law, order, public safety		517,149	828,094	590,401
Health		123,915	121,961	110,965
Education and welfare		463,300	456,838	305,500
Community amenities		5,270,400	5,173,744	4,934,451
Recreation and culture		990,300	959,867	1,247,320
Transport		107,600	198,301	147,223
Economic services		2,424,394	2,415,578	2,358,524
Other property and services		20,000	28,012	20,000
		12,081,935	13,327,342	11,759,868
<b>Expenditure from operating activities</b>				
Governance		(7,704,200)	(6,792,902)	(7,219,624)
General purpose funding		(924,086)	(1,018,985)	(1,037,478)
Law, order, public safety		(1,941,723)	(1,945,469)	(1,777,183)
Health		(570,020)	(499,843)	(548,649)
Education and welfare		(438,968)	(443,308)	(343,658)
Community amenities		(4,567,566)	(3,713,004)	(3,937,744)
Recreation and culture		(8,642,113)	(8,506,784)	(8,566,683)
Transport		(9,814,437)	(9,517,105)	(9,718,326)
Economic services		(1,562,676)	(1,491,585)	(1,628,261)
Other property and services		(65,810)	(45,616)	(158,062)
		(36,231,599)	(33,974,601)	(34,935,668)
<b>Operating activities excluded from budget</b>				
(Profit) on asset disposals	4(b)	(2,000)	(47,538)	(13,023)
Loss on disposal of assets	4(b)	149,042	31,973	164,345
Depreciation on assets	5	9,146,640	9,114,369	9,046,640
<b>Amount attributable to operating activities</b>		(9,752,304)	(7,216,949)	(9,936,609)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	7,664,592	8,374,650	9,645,626
Purchase property, plant and equipment	4(a)	(13,787,785)	(6,067,652)	(12,148,255)
Purchase and construction of infrastructure	4(a)	(12,840,213)	(9,663,842)	(13,331,283)
Proceeds from disposal of assets	4(a)	1,457,182	583,961	2,136,000
<b>Amount attributable to investing activities</b>		(17,506,224)	(6,772,883)	(13,697,912)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(853,729)	(578,281)	(708,194)
Proceeds from new borrowings	6(b)	500,000	2,450,000	2,450,000
Proceeds from interest free & self supporting loans	6(a)	11,317	12,701	12,700
Advances to community groups			(18,815)	(5,200)
Transfers to cash backed reserves (restricted assets)	7(a)	(3,044,817)	(5,685,267)	(2,747,795)
Transfers from cash backed reserves (restricted assets)	7(a)	9,245,097	2,388,195	4,333,502
<b>Amount attributable to financing activities</b>		5,857,868	(1,431,467)	3,335,013
<b>Budgeted deficiency before general rates</b>		(21,400,660)	(15,421,299)	(20,299,508)
<b>Estimated amount to be raised from general rates</b>	1	21,400,660	20,524,977	20,299,508
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2	<b>0</b>	<b>5,103,678</b>	<b>0</b>

This statement is to be read in conjunction with the accompanying notes.



NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>								
Residential GRV	0.104957	4,858	80,954,790	8,496,774	150,000	20,000	8,666,774	7,679,627
Residential GRV Vacant	0.201062	281	3,583,110	720,427	0	0	720,427	816,928
Rural Residential GRV	0.100541	644	13,207,092	1,327,854	0	0	1,327,854	1,251,998
Rural Residential GRV Vacant	0.195707	151	1,740,300	340,589	0	0	340,589	321,976
Commercial, Industrial & Tourism	0.124319	1,077	38,843,517	4,828,987	0	0	4,828,987	4,436,149
Rural Strata Titled Vineyard UV	0.004590	0	0	0	0	0	0	0
UV Rural	0.004590	781	517,604,000	2,375,802	0	0	2,375,802	2,306,460
UV1 (one non rural use)	0.005737	113	72,958,000	418,560	0	0	418,560	415,858
UV2 (two non rural uses)	0.006885	21	13,280,000	91,433	0	0	91,433	105,654
UV3 (over 2two non rural uses)	0.008032	16	13,431,000	107,878	0	0	107,878	104,735
UV Conservation	0.004486	70	59,654,000	267,608	0	0	267,608	258,016
<b>Sub-Totals</b>		8,012	815,255,809	18,975,912	150,000	20,000	19,145,912	17,697,401
<b>Minimum</b>								
<b>Minimum payment</b>								
	\$							
Residential GRV	1,302	395	4,166,775	514,290	0	0	514,290	1,065,552
Residential GRV Vacant	1,302	686	3,016,800	893,172	0	0	893,172	870,896
Rural Residential GRV	1,585	144	2,024,310	228,240	0	0	228,240	213,921
Rural Residential GRV Vacant	1,585	26	177,360	41,210	0	0	41,210	44,631
Commercial, Industrial & Tourism	1,399	204	1,530,920	285,396	0	0	285,396	323,204
Rural Strata Titled Vineyard UV	858	37	2,700,000	31,746	0	0	31,746	30,821
UV Rural	1,461	158	35,279,794	230,838	0	0	230,838	248,150
UV1 (one non rural use)	1,461	6	1,261,000	8,766	0	0	8,766	9,926
UV2 (two non rural uses)	1,461	0	0	0	0	0	0	0
UV3 (over 2two non rural uses)	1,461	0	0	0	0	0	0	0
UV Conservation	1,406	15	3,764,000	21,090	0	0	21,090	20,475
<b>Sub-Totals</b>		1,671	53,920,959	2,254,748	0	0	2,254,748	2,827,576
		9,683	869,176,768	21,230,660	150,000	20,000	21,400,660	20,524,977
Discounts/concessions (Refer note 1(g))							0	0
<b>Total amount raised from general rates</b>							21,400,660	20,524,977
Specified area rates (Refer note 1(e))							0	0
<b>Total rates</b>							21,400,660	20,524,977

All land (other than exempt land) in the Shire of Augusta Margaret River is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of Augusta Margaret River.

The general rates detailed for the 2018/19 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum payments have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge \$	Instalment plan interest rate %	Unpaid rates interest rates %
<b>Option one</b>				
	14/09/2018	0	0.00%	11.00%
<b>Option two</b>				
	14/09/2018	0	5.50%	11.00%
	16/11/2018	8.00	5.50%	11.00%
	18/01/2019	8.00	5.50%	11.00%
	22/03/2019	8.00	5.50%	11.00%

	2018/19 Budget revenue \$	2017/18 Actual \$
Instalment plan admin charge revenue	80,000	80,598
Instalment plan interest earned	130,000	138,163
Unpaid rates and service charge interest earned	90,000	110,402
	<u>300,000</u>	<u>329,163</u>

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (c) Objectives and Reasons for Differential Rating

All land except exempt land in the Shire of Augusta Margaret River is rated according to its Gross Rental Value (GRV) or Unimproved Value (UV) depending upon the zoning of the property and uses undertaken on the property.

The general rates detailed for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum payments have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating

#### Differential general rate

Description	Characteristics	Objects	Reasons
Residential	Developed properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of the rate for this category is to provide the base for the other GRV rate categories.	The other GRV categories are considered to have different demand and requirement characteristics to the residential category.
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of having the same minimum payment but a higher rate in the dollar than the Residential category is to encourage land owners to develop residential land.	Excessive vacant residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of having the same minimum payment but a higher rate in the dollar than the Residential category is to encourage land owners to develop residential land.	Excessive vacant residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.
Rural Residential	Properties zoned rural residential that are developed and located outside of townsite boundaries.	The object of the rate is to raise the revenue required to provide services to these larger lots.	These larger lots are considered to generate additional infrastructure, social and administrative demands on the Shire.
Rural Residential Vacant	Properties zoned rural residential with a vacant land use. The minimum payment is the same as Rural Residential, however the rate in the dollar is higher.	The object is to encourage landowners to develop their property.	Excessive vacant rural residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### Differential general rate (continued)

Description	Characteristics	Objects	Reasons
Commercial, Industrial and Tourism	Includes properties zoned industry and composite industry such as light industry and workshops; properties zoned service commercial, town centre and village centre; properties zoned chalet and camping, caravan park and tourism and properties with Planning approval to operate as short term holiday rental.	The object of the rate for these categories is to raise additional revenue to fund the level of service provided to these properties and the costs that result from the visitors to these properties.	Higher costs such as carparking, landscaping, street cleaning and provision of amenities are incurred. Additional costs associated with supporting tourism and economic development also benefit property owners.
UV Rural	Properties zoned priority agriculture, general agriculture and cluster farm where the predominant use is rural.	Sets the base rate for the UV categories.	The other UV categories are considered to have a higher demand on Shire services and resources.
Strata Title Vineyard	A strata title property in the Priority Agriculture zone.	To apply a lower minimum payment than the rural category.	Property size restricts use.
UV1 (one non-rural use)	Properties where the predominant use is rural but they have one non-rural use.	Rate in the dollar is 1.25 times the base rate to recognise the additional non-rural use.	The provision of non rural uses in rural areas results in additional costs.
UV2 (two non-rural uses)	Properties where the predominant use is rural but they have two non-rural uses.	Rate in the dollar is 1.5 times the base rate to recognise the additional two non-rural uses.	The provision of non rural uses in rural areas results in additional costs.
UV3 (three or more non-rural uses)	Properties where the predominant use is rural and more than two non-rural uses.	Rate in the dollar is 1.75 times the base rate to recognise the three or more non-rural uses..	The provision of non rural uses in rural areas results in additional costs.
UV Conservation	Properties zoned bushland protection, Leeuwin Naturaliste Ridge and Southern Ocean Foreshore protection.	To apply a lower rate in the dollar and minimum payment than the rural category.	Limited development is allowed in order to maintain significant conservation and/or landscape values.

### (d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
Residential	Developed properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object is to obtain the minimum contribution for basic services and infrastructure from owners of residential properties.	This is considered to be the base minimum for GRV rated residential properties.
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object is to obtain the minimum contribution for the provision of basic services and infrastructure from owners of vacant residential properties.	The minimum payment for this category is designed to encourage land owners to develop their land.

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (d) Differential Minimum Payment (continued)

Description	Characteristics	Objects	Reasons
Rural Residential	Properties zoned rural residential that are developed and located outside of townsite boundaries.	The object is to obtain the minimum contribution for basic services and infrastructure for rural residential properties which are generally larger than	This is considered to be the base minimum for GRV rated rural residential properties.
Rural Residential Vacant	Properties zoned rural residential with a vacant land use. The minimum payment is the same as Rural Residential, however the rate in the dollar is higher.	The object is to obtain the minimum contribution for basic services and infrastructure from rural residential vacant land owners.	The minimum payment for this category is designed to encourage land owners to develop their land.
Commercial, Industrial and Tourism	Includes properties zoned industry and composite industry such as light industry and workshops; properties zoned service commercial, town centre and village centre; properties zoned chalet and camping, caravan park and tourism and properties with Planning approval to operate as short term holiday rental.	The object is to obtain the minimum contribution for basic services and infrastructure provided for commercial, industrial and tourism zoned properties.	This is considered to be the base minimum for GRV commercial, industrial and tourism properties.
UV Rural	Properties zoned priority agriculture, general agriculture and cluster farm where the predominant use is rural.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to the base minimum for UV rated properties.
Strata Title Vineyard	A strata title property in the Priority Agriculture zone.	To apply a lower minimum payment than the rural category.	The lesser minimum payment recognises that land size and restricted land use for this rural property are different to normal rural properties.
UV1 (one non-rural use)	Properties where the predominant use is rural but they have one non-rural use.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to the base minimum for UV rated properties.
UV2 (two non-rural use)	Properties where the predominant use is rural but they have two non-rural uses.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to the base minimum for UV rated properties.
UV3 (three non-rural use)	Properties where the predominant use is rural and more than two non-rural uses.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to the base minimum for UV rated properties.
UV Conservation	Properties zoned bushland protection, Leeuwin Naturaliste Ridge and Southern Ocean Foreshore protection.	To apply a lower minimum payment than the rural category.	This lower minimum payment recognises the land conservation restrictions on these properties.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES (CONTINUED)

(e) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2019.

(f) Service Charges

	Amount of charge	2018/19 Budgeted revenue	Budget Amount to be applied to costs	Budget Amount to be set aside to reserve	Reserve Amount to be applied to costs	2017/18 Actual revenue
<b>Service charge</b>	\$	\$	\$	\$	\$	\$
Cowaramup Underground Power	333	4,333	4,333	0	0	4,333
		4,333	4,333	0	0	4,333

Nature of the service charge	Objects of the charge	Reasons for the charge	Area/Properties charge to be imposed on
Cowaramup Underground Power	To recover the cost of undergrounding of electricity in Cowaramup.	The undergrounding of electricity directly benefits specific properties.	The service charge commenced in 2011-12 at a charge of \$333.33 per property and is imposed on rateable properties located between Peake Street and 30 metres south of Bottrill Street. The charge is to be imposed for 10 years. Where a property is strata titled the service charge is to be apportioned based on percentage of floor space.

No interest will be charged on late payment of service charges.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018

1. RATES AND SERVICE CHARGES (CONTINUED)

(g) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2019.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019**

**2. NET CURRENT ASSETS**

	Note	2018/19 Budget	2017/18 Actual
		\$	\$
<b>Composition of estimated net current assets</b>			
<b>Current assets</b>			
Cash - unrestricted	3	1,705,777	5,968,456
Cash - restricted reserves	3	22,073,993	28,274,273
Receivables		1,578,042	2,278,042
Inventories		146,349	146,349
		25,504,161	36,667,120
<b>Less: current liabilities</b>			
Trade and other payables		(3,464,726)	(3,164,726)
Long term borrowings		(853,729)	(853,729)
Provisions		(1,835,714)	(1,754,714)
		(6,154,169)	(5,773,169)
<b>Unadjusted net current assets</b>		19,349,992	30,893,951
<b>Adjustments</b>			
Less: Cash - restricted reserves	3	(22,073,993)	(28,274,273)
Less: Current loans - clubs / institutions		(11,317)	(11,317)
Add: Current portion of borrowings		853,729	853,729
Add: Current liabilities not expected to be cleared at end of year		1,881,589	1,641,588
<b>Adjusted net current assets - surplus/(deficit)</b>		0	5,103,678

**Reason for Adjustments**

The differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments above.

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Augusta Margaret River's operational cycle. In the case of liabilities where the Shire of Augusta Margaret River does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire of Augusta Margaret River's intentions to release for sale.

**TRADE AND OTHER RECEIVABLES**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

## **2. NET CURRENT ASSETS (CONTINUED)**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **TRADE AND OTHER PAYABLES**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire of Augusta Margaret River becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

#### **PROVISIONS**

Provisions are recognised when the Shire of Augusta Margaret River has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### **INVENTORIES**

##### **General**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### **Superannuation**

The Shire of Augusta Margaret River contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Augusta Margaret River contributes are defined contribution plans.

#### **EMPLOYEE BENEFITS**

##### **Short-term employee benefits**

Provision is made for the Shire of Augusta Margaret River's obligations for short-term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire of Augusta Margaret River's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire of Augusta Margaret River's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

##### **LAND HELD FOR RESALE**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.



**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019**

**3. RECONCILIATION OF CASH**

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	<b>2018/19 Budget</b>	<b>2017/18 Actual</b>	<b>2017/18 Budget</b>
	\$	\$	\$
Cash - unrestricted	1,705,777	5,968,456	1,286,732
Cash - restricted	22,073,993	28,274,273	23,391,494
	<u>23,779,770</u>	<u>34,242,729</u>	<u>24,678,226</u>

The following restrictions have been imposed by regulation or other externally imposed requirements:

Reserves cash backed - Leave Reserve	411,382	404,880	404,806
Reserves cash backed - Margaret River CBD Redevelopment Re	5,132,385	6,803,128	7,595,995
Reserves cash backed - Public Open Space Reserve	91,093	89,653	90,078
Reserves cash backed - Caravan Parks Upgrade Reserve	693,698	1,123,150	468,504
Reserves cash backed - Limesand Pits Reserve	64,656	63,634	63,622
Reserves cash backed - Cemeteries Reserve	10,947	10,774	10,769
Reserves cash backed - Community Loan Reserve	176,858	162,924	176,244
Reserves cash backed - Cedarvale Reserve	233,636	229,943	229,901
Reserves cash backed - Waste Management Reserve	10,280,371	9,281,316	8,141,674
Reserves cash backed - Parking Reserve	157,057	154,575	154,547
Reserves cash backed - Infrastructure Contributions Reserve	1,290,562	1,548,690	1,514,762
Reserves cash backed - Biodiversity Reserve	56,281	55,391	10,391
Reserves cash backed - Community Facilities Reserve	542,941	4,876,702	1,925,331
Reserves cash backed - Plant Reserve	914,845	1,225,169	821,572
Reserves cash backed - Affordable Housing Fund Reserve	17,441	61,454	16,442
Reserves cash backed - Gravel Pits Reserve	413,255	455,933	375,732
Reserves cash backed - Self Insurance Reserve	272,639	268,330	268,281
Reserves cash backed - Recreation Centres Reserve	20,897	18,106	21,100
Reserves cash backed - Old Settlement Reserve	63,925	30,436	30,431
Reserves cash backed - Developer Contributions Reserve	982,971	1,195,380	743,372
Reserves cash backed - Community Grants Reserve	28,917	22,555	35,954
Reserves cash backed - Emergency Services Reserve	175,236	192,150	169,326
Reserves cash backed - Augusta Revitalisation Reserve	40,000	0	120,000
Reserves cash backed - Youth Facilities Reserve	2,000	0	2,660
	<u>22,073,993</u>	<u>28,274,273</u>	<u>23,391,494</u>

**Reconciliation of net cash provided by operating activities to net result**

<b>Net result</b>	4,915,587	8,252,368	6,769,335
Depreciation	9,146,640	9,114,369	9,046,640
(Profit)/loss on sale of asset	147,042	(15,565)	151,322
(Increase)/decrease in receivables	700,000	(551,778)	750,000
(Increase)/decrease in inventories	0	(54,560)	(50,000)
Increase/(decrease) in payables	300,000	674,247	(292,900)
Increase/(decrease) in employee provisions	81,000	69,110	(110,000)
Grants/contributions for the development of assets	(7,664,592)	(8,374,650)	(9,645,626)
<b>Net cash from operating activities</b>	<u>7,625,677</u>	<u>9,113,541</u>	<u>6,618,771</u>

**SIGNIFICANT ACCOUNTING POLICES**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS

(a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Asset class	Reporting program											2018/19 Budget total	2017/18 Actual total
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Property, Plant and Equipment</u>													
Land - freehold land	0	0	0	0	0	0	0	170,000	0	0	0	170,000	0
Buildings - specialised	62,000	0	136,500	0	0	0	20,000	10,351,095	30,000	540,000	0	11,139,595	3,225,843
Furniture and equipment	153,000	0	0	0	7,500	0	0	113,000	0	0	0	273,500	91,844
Plant and equipment	0	0	745,600	0	0	0	0	0	1,459,090	0	0	2,204,690	2,749,965
	215,000	0	882,100	0	7,500	0	20,000	10,634,095	1,489,090	540,000	0	13,787,785	6,067,652
<u>Infrastructure</u>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	6,224,707	0	0	6,224,707	5,701,905
Infrastructure - Road Bridges	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure - Car Parks	0	0	0	0	0	0	0	0	176,660	0	0	176,660	0
Infrastructure - Paths	0	0	0	0	0	0	0	0	1,165,000	0	0	1,165,000	0
Infrastructure - Drainage	0	0	0	0	0	0	0	0	242,207	0	0	242,207	0
Infrastructure - Caravan and Camping	0	0	0	0	0	0	0	0	0	409,490	0	409,490	232,659
Infrastructure - Parks and Reserves	0	0	30,000	0	0	0	20,000	2,894,149	155,000	0	0	3,099,149	3,688,144
Infrastructure - Aerodromes	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure - Boat Ramps and Jetties	0	0	0	0	0	0	0	0	460,000	0	0	460,000	0
Infrastructure - Waste Management Facilities	0	0	0	0	0	0	1,008,000	0	0	0	0	1,008,000	41,134
Infrastructure - Public Utilities	0	0	0	0	0	0	0	55,000	0	0	0	55,000	0
	0	0	30,000	0	0	0	1,028,000	2,949,149	8,423,574	409,490	0	12,840,213	9,663,842
<b>Total acquisitions</b>	215,000	0	912,100	0	7,500	0	1,048,000	13,583,244	9,912,664	949,490	0	26,627,998	15,731,494

A detailed breakdown of acquisitions on an individual asset basis can be found in the Capital Works Programme included in the Supplementary Information for the Budget.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	Net book	Sale	2018/19 Budget		2017/18 Actual		2017/18 Budget	
	value	proceeds	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>								
Recreation and culture	0	0	0	0	0	(27)	0	0
Transport	344,224	197,182	2,000	(149,042)	47,538	(31,946)	13,023	(105,345)
Other property and services	1,020,000	1,020,000	0	0	0	0	0	(59,000)
	1,364,224	1,217,182	2,000	(149,042)	47,538	(31,973)	13,023	(164,345)
<b>By Class</b>								
<u>Property, Plant and Equipment</u>								
Land - freehold land	1,020,000	1,020,000	0	0	0	0	0	(59,000)
Plant and equipment	344,224	197,182	2,000	(149,042)	47,538	(31,973)	13,023	(105,345)
<u>Land Held for Resale</u>								
Land held for resale	0	240,000	0	0	0	0	0	0
	1,364,224	1,457,182	2,000	(149,042)	47,538	(31,973)	13,023	(164,345)

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019**

**5. ASSET DEPRECIATION**

**By Program**

Governance
Law, order, public safety
Health
Education and welfare
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

**By Class**

Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Parks and Reserves
Infrastructure - Waste Management Facilities

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
	36,720	30,763	36,720
	489,600	462,797	489,600
	4,320	3,986	4,320
	4,200	4,661	4,200
	84,000	83,563	84,000
	2,067,804	2,053,175	2,032,800
	5,703,000	5,708,634	5,513,000
	108,000	98,160	108,000
	648,996	668,630	774,000
	<b>9,146,640</b>	<b>9,114,369</b>	<b>9,046,640</b>
	1,286,400	677,909	1,286,400
	108,240	5,348	108,240
	1,371,600	2,725,198	1,371,600
	5,610,000	5,705,914	5,510,000
	122,400	0	122,400
	648,000	0	648,000
	<b>9,146,640</b>	<b>9,114,369</b>	<b>9,046,640</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**DEPRECIATION**

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

**DEPRECIATION (CONTINUED)**

Major depreciation periods used for each class of depreciable asset are:

Buildings - non-specialised	up to 50 Years
Buildings - specialised	up to 50 Years
Furniture and equipment	up to 10 Years
Plant and equipment	up to 20 Years
Playground Equipment	up to 10 years
Road formation	Not depreciated
Infrastructure - Roads	up to 50 years
Infrastructure - Road Bridges	up to 50 years
Infrastructure - Car Parks	up to 40 years
Infrastructure - Paths	up to 40 years
Infrastructure - Drainage	up to 80 years
Infrastructure - Caravan and Campin	up to 50 years
Infrastructure - Parks and Reserves	up to 50 years
Infrastructure - Aerodromes	up to 50 years
Infrastructure - Boat Ramps and Jetti	up to 30 years
Infrastructure - Waste Management f	up to 40 years
Infrastructure - Public Utilities	up to 40 years

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest Repayments incl. Govt Guarantee Fee	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
<b>Governance</b>								
191, Civic and Administration Building	5,842,640	0	300,440	215,453	5,542,200	5,842,640	330,210	346,508
<b>Community Amenities</b>								
184, Augusta Town Toilets	11,349	0	11,349	10,750	0	11,349	458	1,040
186, Margaret River Memorial Toilet Block	23,164	0	23,164	21,831	0	23,164	1,010	2,414
188, Augusta Water Wheel Toilets	19,936	0	11,132	10,476	8,804	19,936	1,088	1,803
<b>Recreation and culture</b>								
164, Aquatic Centre	206,755	0	87,891	81,959	118,864	206,755	13,527	18,446
174, Cowaramup Recreation Centre	212,224	0	31,603	29,671	180,621	212,224	14,027	15,882
185, MR Recreation Centre Solar Power	8,827	0	8,827	8,361	0	8,827	356	809
187, MR Recreation Centre Stage 1	248,138	0	34,821	32,589	213,317	248,138	17,204	19,737
189, MR Recreation Centre Stage 2	131,354	0	73,346	69,024	58,008	131,354	7,165	11,879
192, Cultural Centre Redevelopment	1,100,000	0	56,900	0	1,043,100	1,100,000	44,143	5,755
193, MR Youth Precinct	334,850	0	30,981	15,150	303,869	334,850	11,611	7,681
194, Asbestos Removal/Replacement	1,000,000	0	86,276	0	913,724	1,000,000	36,972	7,924
195, Cultural Centre Redevelopment	0	500,000	12,720	0	487,280	0	11,396	0
<b>Economic Services</b>								
173, Augusta Rural Transaction Centre	323,884	0	47,075	44,190	276,809	323,884	21,479	24,729
179, Gnarabup Café	176,121	0	24,905	23,375	151,216	176,121	11,722	12,924
181, Gnarabup Café	109,924	0	10,961	10,305	98,963	109,924	7,245	7,997
	9,749,166	500,000	852,391	573,134	9,396,775	9,749,166	529,613	485,528
<b>Self Supporting Loans</b>								
<b>Recreation and culture</b>								
183, Augusta Bowling Club	1,338	0	1,338	5,147	0	1,338	29	330
	1,338	0	1,338	5,147	0	1,338	29	330
	9,750,504	500,000	853,729	578,281	9,396,775	9,750,504	529,642	485,858

All borrowing repayments, other than Self Supporting Loans, will be financed by general purpose revenue.  
The self supporting loan(s) repayment will be fully reimbursed.

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Additional loan for Cultural Centre	WATC	Debenture	15	3.58	500,000	148,390	500,000	0
					500,000	148,390	500,000	0

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd	2018/19 Budget	Amount as at 30 June 2019
			\$	\$	\$
Cultural Centre Redevelopment	Loan 192	2017-18	764,157	764,157	0
Asbestos Removal & Reinstatement	Loan 194	2017-18	548,755	548,755	0
			1,312,912	1,312,912	0

(d) Credit Facilities

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
<b>Loan facilities</b>			
Loan facilities in use at balance date	9,396,775	9,750,504	9,620,595

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves cash backed - Leave Reserve	404,880	6,502	0	411,382	396,869	8,011	0	404,880	396,869	7,937	0	404,806
Reserves cash backed - Margaret River CBD Redevelopment Reserve	6,803,128	879,257	(2,550,000)	5,132,385	6,697,946	105,182	0	6,803,128	6,697,946	898,049	0	7,595,995
Reserves cash backed - Public Open Space Reserve	89,653	1,440	0	91,093	225,567	4,086	(140,000)	89,653	225,567	4,511	(140,000)	90,078
Reserves cash backed - Caravan Parks Upgrade Reserve	1,123,150	218,038	(647,490)	693,698	1,518,141	25,009	(420,000)	1,123,150	1,518,141	30,363	(1,080,000)	468,504
Reserves cash backed - Limesand Pits Reserve	63,634	1,022	0	64,656	62,375	1,259	0	63,634	62,375	1,247	0	63,622
Reserves cash backed - Cemeteries Reserve	10,774	173	0	10,947	10,558	216	0	10,774	10,558	211	0	10,769
Reserves cash backed - Community Loan Reserve	162,924	13,934	0	176,858	170,805	10,934	(18,815)	162,924	170,805	10,639	(5,200)	176,244
Reserves cash backed - Cedarvale Reserve	229,943	3,693	0	233,636	225,393	4,550	0	229,943	225,393	4,508	0	229,901
Reserves cash backed - Waste Management Reserve	9,281,316	999,055	0	10,280,371	7,133,988	2,147,328	0	9,281,316	7,133,988	1,007,686	0	8,141,674
Reserves cash backed - Parking Reserve	154,575	2,482	0	157,057	151,517	3,058	0	154,575	151,517	3,030	0	154,547
Reserves cash backed - Infrastructure Contributions Reserve	1,548,690	24,872	(283,000)	1,290,562	1,478,615	70,075	0	1,548,690	1,478,615	36,147	0	1,514,762
Reserves cash backed - Biodiversity Reserve	55,391	890	0	56,281	10,187	45,204	0	55,391	10,187	204	0	10,391
Reserves cash backed - Community Facilities Reserve	4,876,702	74,239	(4,408,000)	542,941	3,390,521	2,566,161	(1,079,980)	4,876,702	3,390,521	63,810	(1,529,000)	1,925,331
Reserves cash backed - Plant Reserve	1,225,169	219,676	(530,000)	914,845	1,810,035	135,134	(720,000)	1,225,169	1,810,035	236,211	(1,224,674)	821,572
Reserves cash backed - Affordable Housing Fund Reserve	61,454	987	(45,000)	17,441	60,238	1,216	0	61,454	60,238	1,204	(45,000)	16,442
Reserves cash backed - Gravel Pits Reserve	455,933	7,322	(50,000)	413,255	368,365	87,568	0	455,933	368,365	7,367	0	375,732
Reserves cash backed - Self Insurance Reserve	268,330	4,309	0	272,639	263,021	5,309	0	268,330	263,021	5,260	0	268,281
Reserves cash backed - Recreation Centres Reserve	18,106	2,791	0	20,897	15,784	2,322	0	18,106	15,784	5,316	0	21,100
Reserves cash backed - Old Settlement Reserve	30,436	33,489	0	63,925	29,834	602	0	30,436	29,834	597	0	30,431
Reserves cash backed - Developer Contributions Reserve	1,195,380	219,198	(431,607)	982,971	753,453	451,327	(9,400)	1,195,380	753,453	159,547	(169,628)	743,372
Reserves cash backed - Community Grants Reserve	22,555	6,362	0	28,917	15,641	6,914	0	22,555	15,641	20,313	0	35,954
Reserves cash backed - Emergency Services Reserve	192,150	3,086	(20,000)	175,236	188,348	3,802	0	192,150	188,348	978	(20,000)	169,326
Reserves cash backed - Augusta Revitalisation Reserve	0	320,000	(280,000)	40,000	0	0	0	0	0	240,000	(120,000)	120,000
Reserves cash backed - Youth Facilities Reserve	0	2,000	0	2,000	0	0	0	0	0	2,660	0	2,660
	28,274,273	3,044,817	(9,245,097)	22,073,993	24,977,201	5,685,267	(2,388,195)	28,274,273	24,977,201	2,747,795	(4,333,502)	23,391,494

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019**

**7. CASH BACKED RESERVES (CONTINUED)**

**(b) Cash Backed Reserves - Purposes**

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

<b>Reserve name</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Reserves cash backed - Leave Reserve		To be used to fund annual and long sservice leave requirements.
Reserves cash backed - Margaret River CBD Redevelopment Reserve		To be used for funding capital projects in the Margaret River townsite.
Reserves cash backed - Public Open Space Reserve		To be used to fund future public open space requirements.
Reserves cash backed - Caravan Parks Upgrade Reserve		To be used for the upgrading of Caravan Parks and Camping Grounds.
Reserves cash backed - Limesand Pits Reserve		Rehabilitation and development of the Boranup, Redgate and any other Shire limesand pits.
Reserves cash backed - Cemeteries Reserve		To be used for the upgrade of Cemeteries.
Reserves cash backed - Community Loan Reserve		Interest free funding for eligible groups aassociated with sporting and cultural activities.
Reserves cash backed - Cedarvale Reserve		To meet obligations in respect of the Cedarvale agreement for the Gnarabup site and future foreshore rehabilitation at Prevelly and Gnarabup.
Reserves cash backed - Waste Management Reserve		To fund future waste facility and plant requirements.
Reserves cash backed - Parking Reserve		To be used to fund future car parking requirements.
Reserves cash backed - Infrastructure Contributions Reserve		To be used to fund future road and drainage maintenance and construction requirements.
Reserves cash backed - Biodiversity Reserve		To be used for the funding of biodiversity initiatives
Reserves cash backed - Community Facilities Reserve		To be used for the construction and major maintenance of community buildings and facilities.
Reserves cash backed - Plant Reserve		To be used for the purchase of plant, vehicles and equipment.
Reserves cash backed - Affordable Housing Fund Reserve		Infrastructure and capital improvements within the Cowaramup townsite and area covered by the West Cowaramup townsite strategy.
Reserves cash backed - Gravel Pits Reserve		Rehabilitation and development of the Shire's gravel and other related resource reserves.
Reserves cash backed - Self Insurance Reserve		To fund self insurance, workers compensation performance risk, risk management and other related employee and organisational activities.
Reserves cash backed - Recreation Centres Reserve		Income from advertising signs is reserved for future improvements to facilities.
Reserves cash backed - Old Settlement Reserve		Income from the lease of the Old Settlement site is reserved for future improvements to facilities.
Reserves cash backed - Developer Contributions Reserve		Funds received and used in accordance with the Developer Contributions Plan.
Reserves cash backed - Community Grants Reserve		Funds received from sale of special services vehicle registration plates and other initiatives are provided as community grants.
Reserves cash backed - Emergency Services Reserve		To be used to support the provision of emergency services in the Shire.
Reserves cash backed - Augusta Revitalisation Reserve		To be used for funding capital projects in the Augusta townsite.
Reserves cash backed - Youth Facilities Reserve		To be used to renew and develop youth facilities in the Shire.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019**

**7. CASH BACKED RESERVES (CONTINUED)**

**(c) Cash Backed Reserves - Change in Use**

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019**

**8. FEES & CHARGES REVENUE**

	<b>2018/19 Budget</b>	<b>2017/18 Actual</b>
	\$	\$
Governance	217,262	229,366
General purpose funding	216,881	245,546
Law, order, public safety	196,700	207,086
Health	123,915	121,961
Education and welfare	365,300	441,174
Community amenities	5,245,400	5,095,813
Recreation and culture	927,100	887,526
Transport	105,600	143,930
Economic services	2,424,394	2,306,415
	<b>9,822,552</b>	<b>9,678,817</b>

**9. GRANT REVENUE**

	<b>2018/19 Budget</b>	<b>2017/18 Actual</b>
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
<b>By Program:</b>		
<b>Operating grants, subsidies and contributions</b>		
Governance	58,196	121,685
General purpose funding	697,084	1,432,925
Law, order, public safety	320,449	621,007
Education and welfare	98,000	15,664
Community amenities	25,000	77,931
Recreation and culture	63,200	72,314
Transport	0	6,860
Economic services	0	26,826
Other property and services	20,000	21,030
	<b>1,281,929</b>	<b>2,396,242</b>
<b>Non-operating grants, subsidies and contributions</b>		
Governance	0	1,435,323
Law, order, public safety	818,078	746,412
Community amenities	200,000	409,009
Recreation and culture	4,487,475	2,537,029
Transport	2,159,039	3,246,877
	<b>7,664,592</b>	<b>8,374,650</b>



**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019**

**10. OTHER INFORMATION**

**The net result includes as revenues**

**(a) Interest earnings**

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Investments			
- Reserve funds	450,000	389,987	390,000
- Margaret River Main Street OCDF	70,000	78,399	78,000
- Other funds	200,400	287,580	138,400
Late payment of fees and charges *	92,000	114,428	96,500
Other interest revenue (refer note 1b)	131,021	139,337	121,291
	<u>943,421</u>	<u>1,009,731</u>	<u>824,191</u>

\* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 11%.

**(b) Other revenue**

Reimbursements and recoveries - Self Supporting Loan Interest Received	21	316	291
Rate Instalment Interest	130,000	138,163	120,000
Other - Deferred Rates Interest	1,000	858	1,000
	<u>131,021</u>	<u>139,337</u>	<u>121,291</u>

**The net result includes as expenses**

**(c) Auditors remuneration**

Audit services	40,500	38,167	35,500
Other services	8,000	3,350	8,000
	<u>48,500</u>	<u>41,517</u>	<u>43,500</u>

**(d) Interest expenses (finance costs)**

Borrowings (refer note 6(a))	529,642	485,858	505,030
	<u>529,642</u>	<u>485,858</u>	<u>505,030</u>

**(e) Elected members remuneration**

Meeting fees	135,539	132,234	132,252
Mayor/President's allowance	39,360	38,400	38,400
Deputy Mayor/President's allowance	9,840	9,497	9,600
Travelling expenses	24,200	19,807	19,421
Telecommunications allowance	24,500	24,499	24,500
	<u>233,439</u>	<u>224,437</u>	<u>224,173</u>

**(f) Write offs**

General rate	2,000	5,136	2,000
	<u>2,000</u>	<u>5,136</u>	<u>2,000</u>

**(g) Operating lease expenses**

Office equipment	149,060	181,886	181,886
Plant and equipment	177,607	228,635	228,635
	<u>326,667</u>	<u>410,521</u>	<u>410,521</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**LEASES**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire of Augusta Margaret River are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019**

**11. MAJOR LAND TRANSACTIONS**

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

**12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2018/19.

**13. INTERESTS IN JOINT ARRANGEMENTS**

It is not anticipated the Shire will be party to any joint venture arrangements during 2018/19.

**14. TRUST FUNDS**

Funds held at balance date over which the local government has no control and which are not included in the financial statements are as follows:

<b>Detail</b>	<b>Balance 30-Jun-18</b>	<b>Estimated amounts received</b>	<b>Estimated amounts paid</b>	<b>Estimated balance 30-Jun-19</b>
	\$	\$	(\$)	\$
Unclaimed Monies	2,487	0	0	2,487
BCITFY Levy	4,705	77,423	(78,102)	4,026
DoT Licencing	58,101	2,948,521	(2,996,038)	10,584
BRB Levy	16,121	165,712	(158,568)	23,264
ESL Levy	(1,063)	850,510	(849,022)	425
Community Arts Events	3,308	0	0	3,308
TRANSWA Agency	389	6,883	(6,793)	479
Public Open Space	138,274	0	0	138,274
Bonds	1,152,496	341,680	(382,316)	1,111,860
Unspent Grants	26,450	0	(26,450)	0
	<b>1,401,267</b>	<b>4,390,729</b>	<b>(4,497,289)</b>	<b>1,294,707</b>

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2019**

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER  
INFORMATION**

**GOODS AND SERVICES TAX (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of a budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**ROUNDING OFF FIGURES**

All figures shown in this statement are rounded to the nearest dollar.

**COMPARATIVE FIGURES**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current budget year.

**BUDGET COMPARATIVE FIGURES**

Unless otherwise stated, the budget comparative figures shown in the budget relate to the original budget estimate for the relevant item of disclosure.

**REVENUE RECOGNITION**

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Augusta Margaret River obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.