



ANNUAL BUDGET

2020-21

Provided to Council on 22 July 2020

SHIRE OF AUGUSTA MARGARET RIVER

BUDGET

FOR THE YEAR ENDED 30 JUNE 2021

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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

2020-21 Budget Summary

The 2020-21 balanced budget seeks to build upon the COVID-19 pandemic recovery measures implemented during the last quarter of 2019-20 while also ensuring prudent financial management for the continued operational sustainability of the Shire. Recovery measures include no increase in the rates in the dollar and minimum payments compared to those applied during the 2019-20 financial year, the waiving of some business specific fees and charges and the inclusion of a fund to assist relief from financial hardship as well as promoting economic stimulus and community resilience.

Also included within the budget is the continuation of the Margaret River main street upgrade project which is a significant and transformational project for our businesses, community and visitors. The first stage of this project comprising stormwater drainage system upgrades and construction of roundabouts at Wallcliffe Road/Forrest Road and Tunbridge Street/Churchill Avenue was completed in July 2020. Works to commence the second stage of the project which includes new footpaths, pedestrian crossings, parking bays, landscaping and electrical works for the Festival precinct (area from Willmott Avenue to Tunbridge Street including Fearn Avenue), were originally scheduled to commence in September 2020 but have been brought forward to coincide with the completion of stage one.

The Shire has applied for State and Federal Government funding to complete the third stage of the project from Willmott Avenue to Wallcliffe Road/Forrest Road as the balance of the Royalties for Regions grant of \$5.290 million and the Shire funds and reserves of over \$3.4 million are allocated to the first two project stages.

The Shire's annual budget reflects the wide range of services and facilities benefitting the Shire's community and its many visitors. Highlights of the 2020-21 Budget include:

- contributions to hall and community groups of \$0.143 million as well as contributions of \$0.155 million to assist lessees of Shire property such as the Regional Environment Centre, Community Centre and Men's Shed to maintain or develop buildings/facilities;
- community development expenditure of \$0.259 million for youth, capacity building, community resilience, access and inclusion, arts and culture, age friendly and community grants programs;
- \$0.144 million towards major (iconic) events and \$0.088 million for local events;
- continued financial support for the Shire's 10 volunteer bushfire brigades and the SES unit;
- community and recreation services including outside school hours care, libraries, recreation and fitness centres, the aquatic centre, sporting fields, playgrounds, etc;
- continuation of the 3 bins waste collection system at the same total waste collection and disposal charge;
- continued investment in sustainability initiatives and commitment to a climate action summit focussing on adaptation;
- specific environmental related project expenditure of \$0.772 million as well as \$0.090 million in contributions to environmental groups;
- over \$1.3 million to renew and upgrade community buildings including works to the Witchcliffe and Alexandra Bridge halls, various asbestos removal and reinstatement projects and design development for the renovation of the Aquatic Centre building;
- \$1 million to construct a synthetic turf hockey training facility is largely grant funded;

- roads, paths and drainage upgrade work of \$1.475 million (excluding the main street project) and renewal works of \$6.888 million; and
- \$0.963 million to replace heavy plant and light vehicles.

A summary of the Annual Budget 2020-21 compared to the Forecast Actual result and Annual Budget for 2019-20 is provided below for reference purposes:

Description	2020-21 Budget \$'000s	2019-20 Forecast \$'000s	2019-20 Budget \$'000s
Rates	22,454	22,194	22,124
Operating Revenue	12,040	12,564	12,230
Operating Expenditure	(40,091)	(37,218)	(38,145)
Net Operating Result	(5,598)	(2,461)	(3,792)
Capital Grants	6,752	4,953	5,707
Profit/(Loss) on Asset Disposals	16	81	(23)
Net Result	1,170	2,695	1,893
Asset Purchases	(21,602)	(17,235)	(23,474)
Asset Sale Proceeds	287	677	435
Borrowings Repaid	(764)	(925)	(925)
New Borrowings	810		0
Unspent Loan 194	224	272	272
Transfers to Reserve	(423)	(4,907)	(1,113)
Transfers from Reserve	8,531	8,588	10,195
Brought Forward Surplus	2,248	3,532	3,315
Closing Budget Position	0	2,248	0

It is expected the Shire will commence the budget year with a surplus of \$2.248 million from 2019-20. This is an increase on the budgeted result expected for the year and is the result of the following:

- Carrying forward various operating expenditure projects totalling \$0.369 million;
- Carrying forward various capital projects totalling \$1.137 million;
- Carrying forward the advance payment for 2020-21 of Financial Assistance Grants of \$0.742 million received in May 2020.

Normally some under and over expenditures and revenues for the year would contribute to the amount carried forward. However, operating revenue losses during the year primarily resulting from the closure of facilities have been balanced with savings in operating expenditure.

Expectations are that 2020-21 will end up with a balanced result.

Rates

Updated property values for rating purposes were received from Landgate for all rural properties in the Shire and are effective from 1 July 2020. 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 years cycle. The next revaluation for GRV properties will be effective from 1 July 2021.

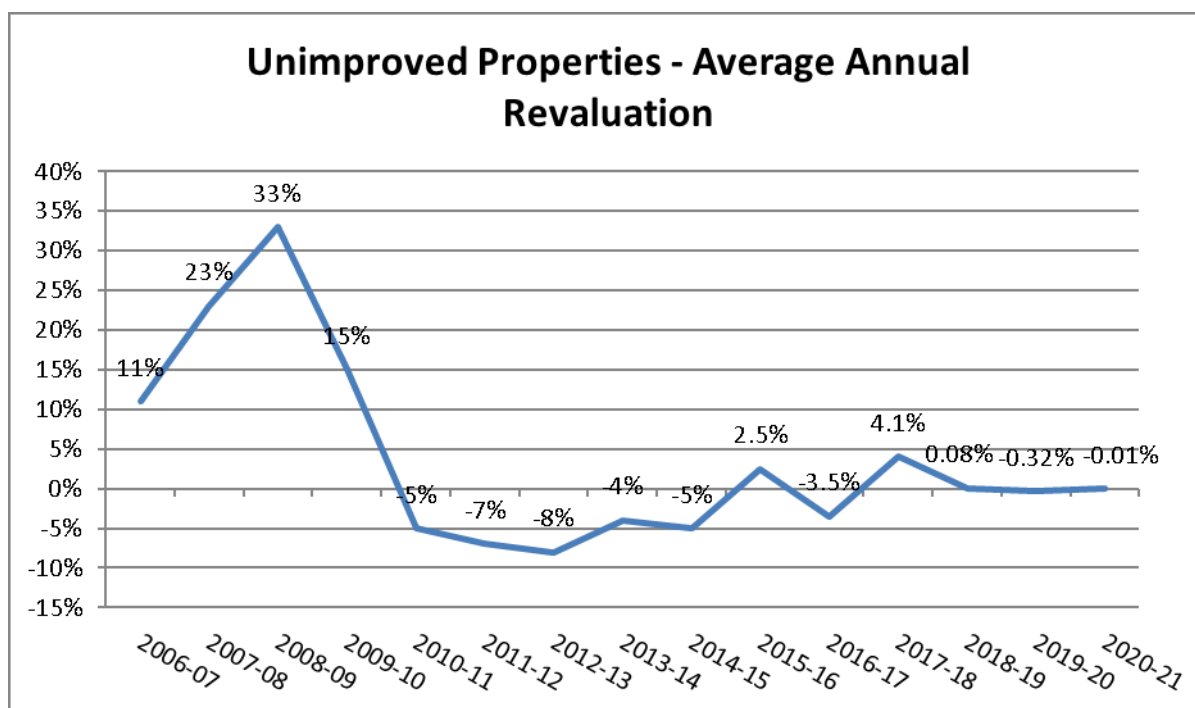
Compared to the previous year's valuations rural property values only decreased by an average of 0.01% and compares to last year's average decrease of 0.32%. Valuations

changed for 65 properties with 17 properties recording a decrease in valuation totalling \$0.599 million and 48 properties recording an increase in valuation totalling \$0.550 million. Almost half of the affected properties are in the Scott River and Nillup areas. Landgate advised “some variations to individual assessments may have occurred either as a product of the valuation process and/or inclusion of updated information such as soil types.”

The impact of the valuation change upon individual property rates was calculated and it was determined that:

- rates for 17 properties will not change as they are on the minimum payment;
- rates for 15 properties will decrease by a total of \$2,586; and
- rates for 33 properties will increase by a total of \$2,498.

As the overall intent is to not increase property rates, Council will consider a rate concession for the 33 properties that would receive a rate increase when the new property valuations are applied against the rates in the dollar used for 2019-20.



Rate modelling statistics show that for the UV rural rating category most property owners (24%) will be charged a property rate between \$1,401 and \$1,600, the average rate will be \$2,797 and the median rate \$2,216.

The change in property valuations is one of the variables considered when determining the rating approach for the budget year with other considerations including:

- expenditure and revenue forecast in the Shire’s Long-Term Financial Plan;
- the perceived affordability within the community of rate increases;
- 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.

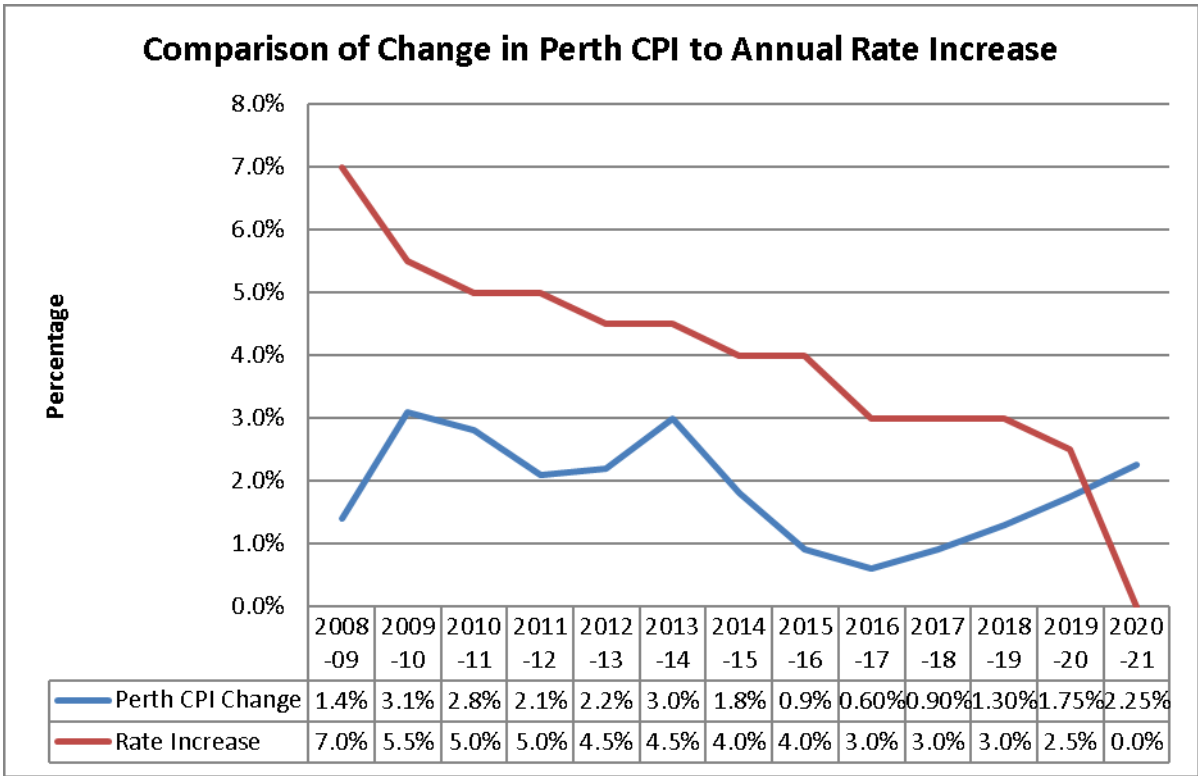
However, these considerations were essentially disregarded as Council at their meeting on 25 March 2020 authorised the CEO to develop a budget for 2020-21 based on a zero percent rate increase. Additionally, the Local Government (COVID-19 Response) Order 2020 came into effect on 21 April 2020 and modifies or suspends provisions of the Local Government Act and Regulations while a State of Emergency declaration is in force. In short, compliance with some rating provisions is not required if rates in the dollar and minimum payments are not increased compared to those applied in 2019-20.

The following table compares the rates in the dollar and minimum payments for the current and previous financial years and shows there is no change.

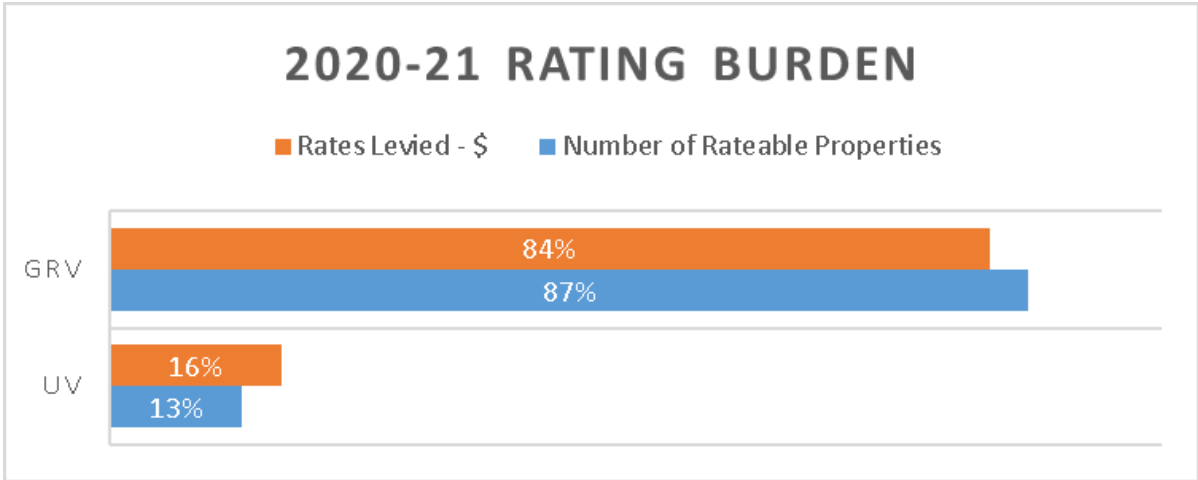
Rate Category	Rate in \$ 2020-21	Rate in \$ 2019-20	Minimum 2020-21	Minimum 2019-20
Residential	10.7581	10.7581	\$1,335	\$1,335
Residential Vacant	20.6089	20.6089	\$1,335	\$1,335
Rural Residential	10.3055	10.3055	\$1,625	\$1,625
Rural Residential Vacant	20.0600	20.0600	\$1,625	\$1,625
Commercial, Industrial, Tourism	12.7427	12.7427	\$1,434	\$1,434
UV Rural	0.4705	0.4705	\$1,498	\$1,498
UV1 One non-rural use	0.5880	0.5880	\$1,498	\$1,498
UV2 Two non-rural uses	0.7057	0.7057	\$1,498	\$1,498
UV3 Over two non-rural uses	0.8233	0.8233	\$1,498	\$1,498
Strata titled vineyard	0.4705	0.4705	\$879	\$879
UV Conservation	0.4598	0.4598	\$1,441	\$1,441

The following chart compares annual rate increases to the change in the Perth Consumer Price Index¹ and shows the gap has been decreasing and has now crossed due to rates not increasing. Although this situation is a response to the COVID-19 pandemic and the CPI increases are estimates, it does still demonstrate rate increases are becoming more affordable compared to past increases. The decline also means it is becoming increasingly difficult to fund expenditure demands that often increase by greater than CPI.

¹ Source of Perth CPI is the Australian Bureau of Statistics up to 2018-19 and WA Treasury forecasts for 2019-20 and 2020-21 included in the WA State Budget 2019-20, Budget Paper No. 3.

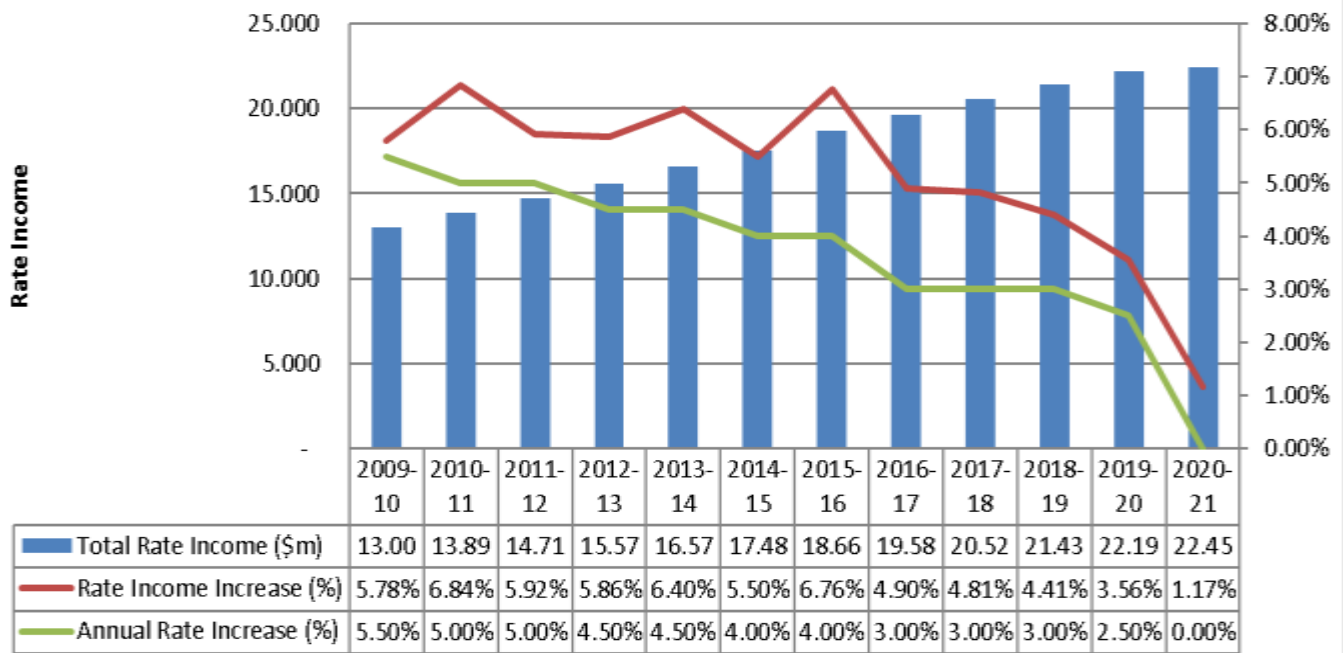


The overall objective for rating is to achieve equity and consistency between rate categories for similar land uses. This rate burden is represented in the following chart and shows that when rates levied are compared with the number of rateable assessments, residential ratepayers are subsidised by rural and commercial ratepayers. In total 87% of rateable assessments are rated using their GRV and contribute 84% of total rate income and 13% of properties are rated as UV and contribute 16% of total rate income. These ratios are similar to last year's results.



For 2020-21 a total of \$22.454 million is budgeted to be obtained from property rates (including interim and back rates of \$0.130 million and after concessions of \$0.009 million) and represents an increase of 1.17% on total rate revenue for 2019-20. The following chart compares actual rate revenue by year, with the annual increase in rate revenue and the annual agreed rate increase.

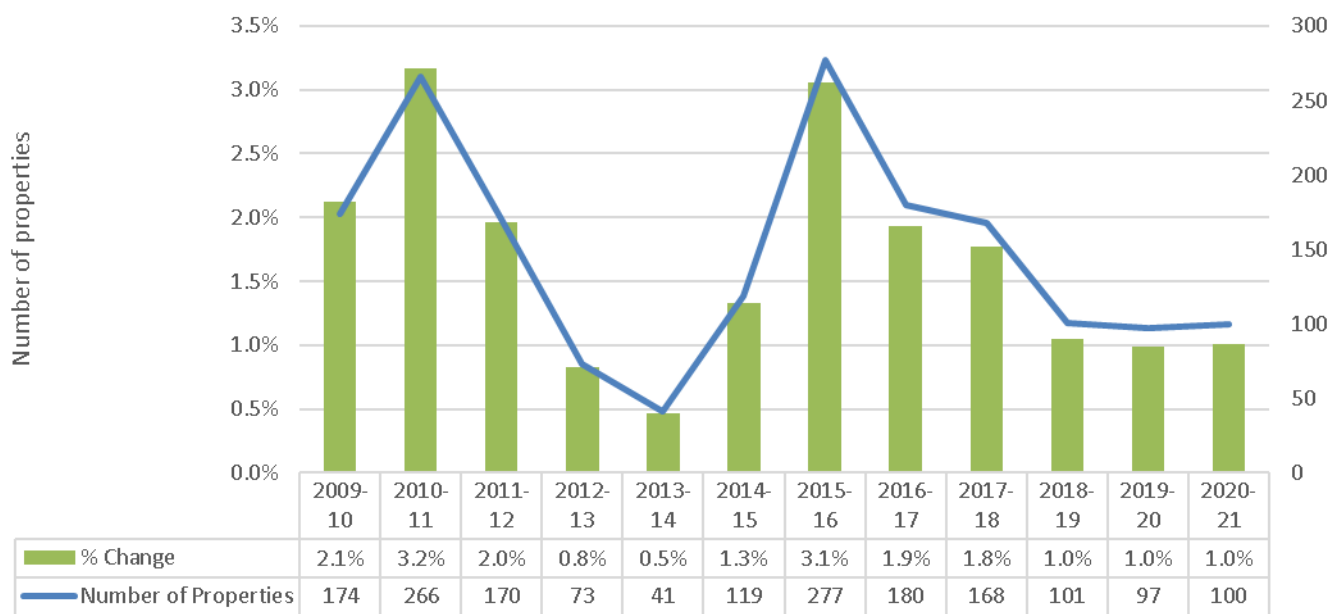
Annual Rate Income and Annual % Increase in Rate Income



Interim rates raised after residential and commercial properties are developed and for new land lots released contributed to the higher annual percentage increases in rate income compared to the agreed annual rate increase.

Growth in the number of properties for 2019-20 was similar to the previous year with the property database used to calculate rates for the budget having a total of 9,878 properties compared to 9,781 properties billed property rates in 2019-20. The increase of 97 properties for 2019-20 represents a growth rate of 1%. If this growth rate was to continue the number of properties would increase to 9,978 in 2020-21.

Annual Increase in Rateable Properties



Fees and Charges

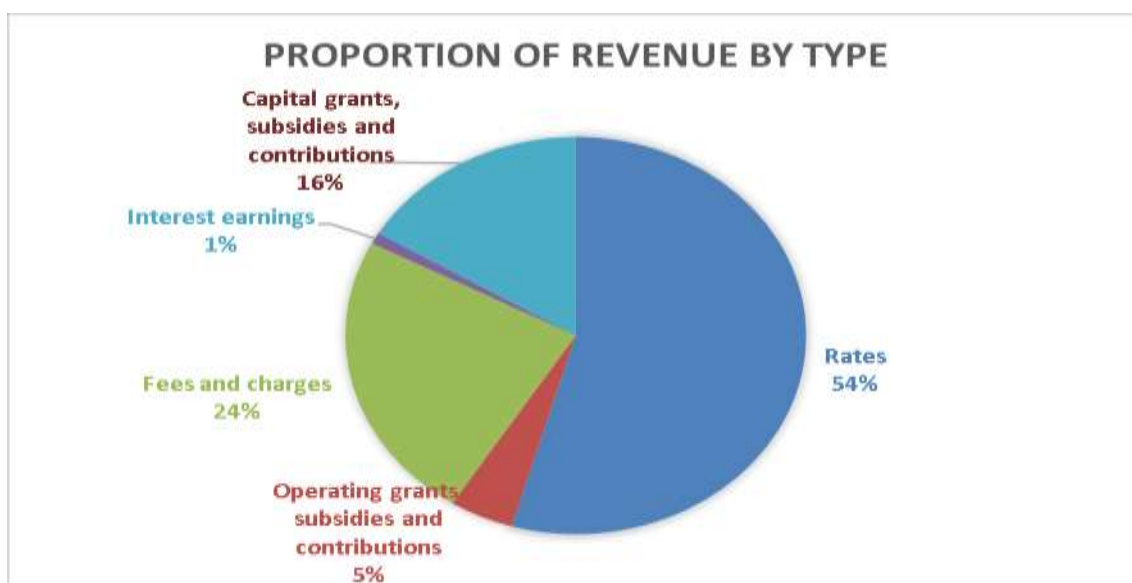
As a result of the COVID-19 pandemic and the objective of not increasing rates and by extension fees and charges, the majority of the Shire's fees and charges for 2020-21 have not been changed from the amounts levied in 2019-20. During the height of the pandemic, Council authorised the waiving of non-regulatory Shire fees and charges until 30 June 2020 although this resolution was subsequently amended to exclude Waste Services fees and charges. Whilst this waiver has ended, the 2020-21 Schedule of Fees and Charges has included concessions for some business fees including for lodging houses, food businesses and directional signage. The objective of these concessions is to provide support to businesses as they recover from the pandemic.

Total fees and charges are budgeted to be \$9.764 million compared to the 2019-20 budget of \$9.757 million and forecast actual for 2019-20 of \$9.301 million. Total fees and charges are similar on a budget to budget basis while forecast actual fees and charges for 2019-20 did not achieve budget due to the COVID-19 fee waiver.

The only change to fees and charges are for the HEART and holiday parks. HEART pricing has been reviewed to reflect industry standards and the charging streams have been reduced from three to two being commercial and not for profit. Fees for 2021-22 have been included for holiday parks to cater for customers booking in advance.

The major contributors to fees and charges are waste collection and disposal charges, caravan park fees and recreation fees. The total amount of waste charges (rubbish collection and waste facilities maintenance rate) billed for individual properties will remain at \$498 and includes the collection charges for the 3 bins system of \$318 and the waste facilities maintenance rate of \$180.

Fees and charges constitute 24% of total budgeted revenue and income from property rates constitutes 54%. 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 88% to 91% and is very close to the advanced standard benchmark set by the Department of Local Government, Sport and Cultural Industries of 90%. However, the ratio has declined in recent years due to annual rate increases reducing. For the 2020-21 Budget the ratio is calculated to reduce further to 81% and reflects the zero percent rate increase while most operating expenditure items have increased.

Grants

A total of \$8.607 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 part of the 2020-21 allocation of the Financial Assistance Grants (FAGs) distributed by the WA Local Government Grants Commission (WALGGC). This advance payment of \$0.742 million was received in May 2020 and is included in the brought forward amount for the 2020-21 Budget. The advance payment distorts comparison of financial results and ratios between years as it inflates operating grants for 2019-20 and understates operating grants for 2020-21.

Operating grants of \$1.855 million include:

- Emergency Services Levy (ESL) grants of \$0.037 million for the SES and \$0.391 million for Bushfire Brigade services as well as \$0.351 million for Bushfire mitigation activity;
- contributions of \$0.060 million for the Community Emergency Services Manager;
- a coastal adaptation and planning grant of \$0.088 million from the Department of Transport to fund limestone cliff stability assessment and coastal investigations.
- Community Planning and Development and Library grants of \$0.015 million;
- \$0.048 million of grants for the Outside School Hours Care service were received in 2019-20 but have been recognised as revenue in this budget in accordance with Accounting Standards; and
- various other grants and contributions for specific projects and activities for business units.

\$6.752 million of capital grants and contributions are provided for specific purposes and include:

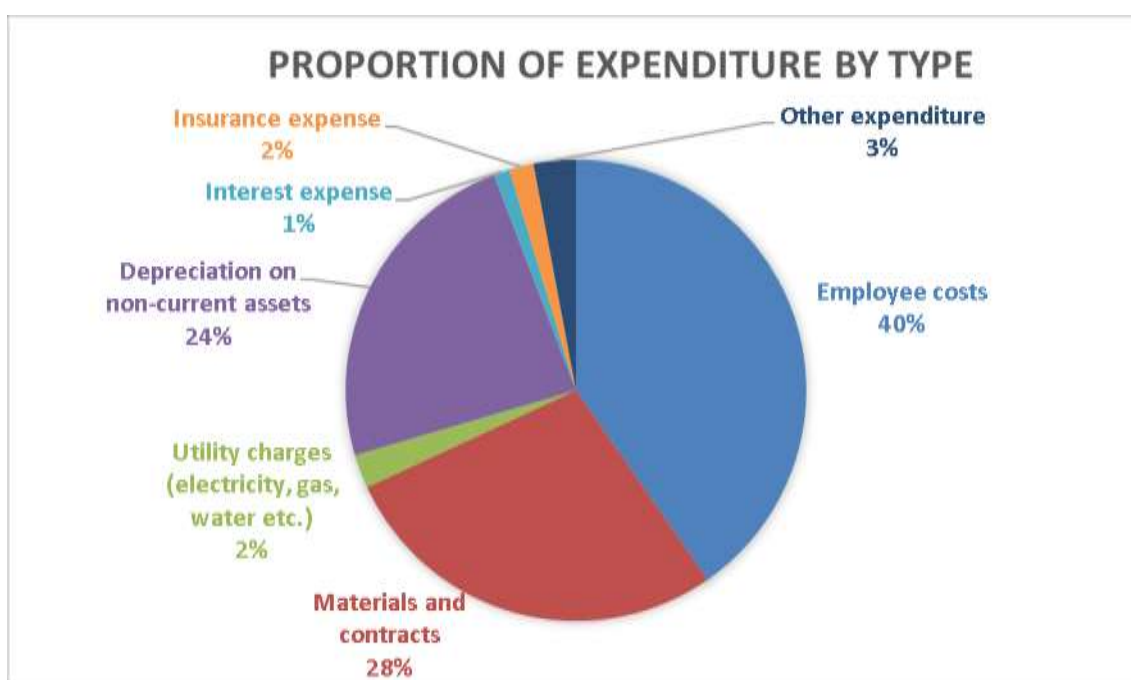
- \$1.101 million for the replacement of four bushfire brigade vehicles for the Rosa Brook, Wallcliffe, Witchcliffe and Karridale brigades (the replacement of three of these vehicles were originally scheduled for 2019-20);
- \$1.845 million from Main Roads WA (MRWA) through the Regional Roads Group for road works for Leeuwin Road, Warner Glen Road, Wallcliffe Road, Rosa Brook Road, Rosa Glen Road and the design of Cowaramup Bay Road;
- Roads to Recovery grants of \$0.649 million have been allocated to rural road reseals, lower order roads renewals and asphalt overlays;
- \$0.686 million from the Federal Government's Local Roads and Community Infrastructure Project grant has been allocated to various new projects;
- A special purpose bridge grant of \$0.630 million for Warner Glen Road bridge is expected from the WALGGC and \$0.378 million of WALGGC bridge grants received

in 2019-20 for Courtney Road bridge and West Bay Creek Road bridge have been recognised as revenue in this budget in accordance with Accounting Standards;

- a direct grant of \$0.250 million from MRWA has been allocated to gravel re-sheeting;
- \$0.116 million from the South West Development Commission for the Cape to Cape winter diversion trail;
- \$0.018 million from the Regional Bicycle Network for various path projects;
- the construction of a synthetic surface hockey training pitch is expected to be partly funded by a Community Sport and Recreation Facilities Fund (CSRFF) grant of \$0.334 million, a \$0.200 million grant from the Australia Sports Commission and a \$0.175 million contribution from the Margaret River Hockey Club; and
- \$0.200 million in developer contributions are to be transferred to the Developer Contributions reserve to fund future works.

Operating Expenditure

Total operating expenditure of \$40.091 million is budgeted for 2020-21 and compares to the budget and forecast actual for 2019-20 of \$38.145 million and \$37.218 million respectively with the increases being 5.1% and 7.7% year on year. The carryover of operating expenditure of \$0.368 million from 2019-20 contributes to the larger percentage change being recorded when the budget to forecast actual are compared. The other major factor is operating expenditure savings were required in 2019-20 to offset revenue losses caused by the COVID-19 forced closure of revenue earning facilities.



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 2019-20 budget, depreciation as a proportion of expenditure has declined marginally from 25%, employee costs have remained steady at 40% and materials and contracts have increased from 27% to 28%.

The fair value revaluation of the Shire's plant and equipment at 30 June 2020 will result in asset values increasing and the impact upon depreciation has not been taken into consideration in this budget as these calculations will be undertaken in 2020-21.

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 2019 their value had increased to \$451.365 million or an increase of 138%. With the addition of capital expenditure after depreciation of \$12.085 million for 2020-21 the balance of fixed assets will increase to over \$460 million. Over the same timeframe depreciation has increased from \$5.587 million or 20% of operating expenditure in 2011-12 to the proposed \$9.517 million or 24% of operating expenditure in 2020-21.

The accuracy of the calculation and allocation of depreciation should improve as understanding 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 178.8 full time equivalent (FTE) staff in 2020-21 compared to 175.1 FTE budgeted last year. The increase of 3.7 FTEs compared to the 2019-20 budget is primarily due to the operating structure for the HEART being based on a Shire run model as opposed to a largely outsourced model. This resulted in an increase of 3.4 FTEs. Other additions include two marketing officers with one position redeployed from within the organisation, a part-time community Ranger (0.4 FTE), a cleaner for the Library (0.5 FTE) and an apprentice mechanic. These increases have been partly offset by savings in executive staff (1 FTE) as a result of an organisational restructure, the contracting of the lifeguard service (1.1 FTE) and some general savings across the organisation.

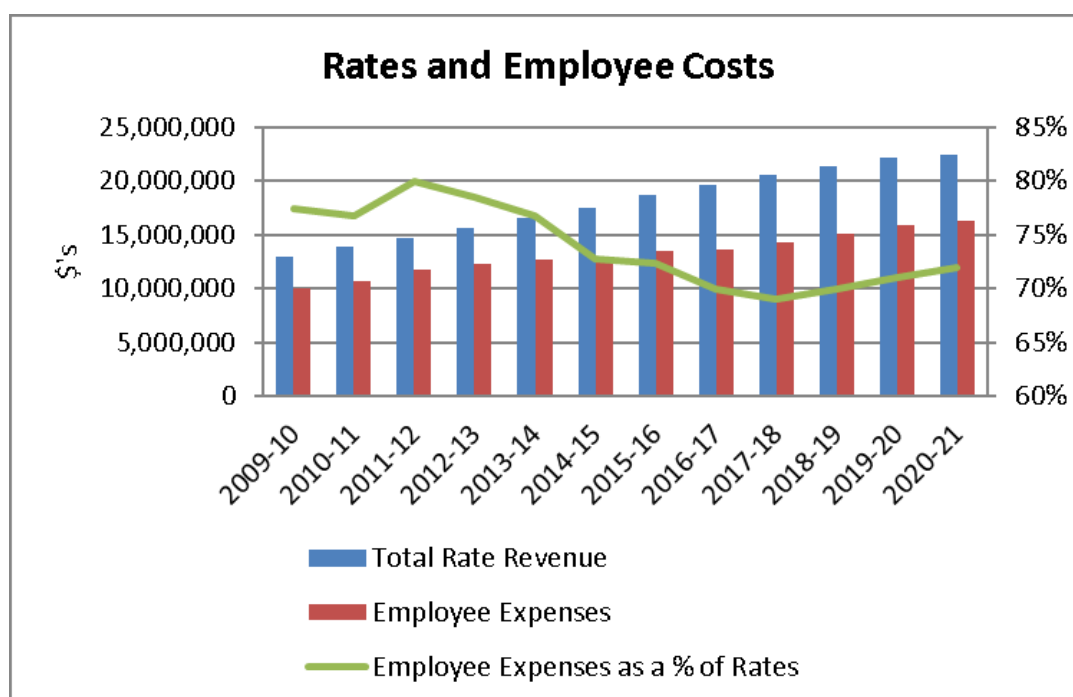
Labour cost increases have been restricted to the across the board wage increase contained in the Shire's 2019 Enterprise Agreement and performance increases for eligible employees. The Shire has also budgeted for a full workforce complement and has not included a vacancy rate as it is not possible to 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 \$15.280 million to \$16.166 million or by 5.8%. This percentage increase allows for the wage increase, performance increases for eligible employees and growth in the workforce. The following table compares employee expenses for 2020-21 against the budget and forecast actual for 2019-20.

Category	2020-21 Budget	2019-20 Budget	2019-20 Actual
Provisions	1,284,336	1,161,756	1,169,946
Salaries & Wages	12,641,873	11,874,196	12,307,327
Superannuation	1,600,454	1,561,580	1,608,684
Workers Compensation	215,512	147,244	147,660
Fringe Benefits Tax	85,420	70,420	56,785
Recruitment expenses	26,000	24,880	17,899
Training & Education	262,000	360,667	240,546
Uniforms & PPE	50,320	88,225	90,166
Memberships	0	0	1,592
Total	16,165,915	15,279,729	15,640,605

On a budget to budget basis the largest area of increase is, as expected, salaries and wages due to higher wage costs. These wage costs flow on to increase the salary associated items of leave, superannuation and workers compensation. Reduced training costs have partly offset these increases, as it is expected more training will be undertaken remotely rather than in person. In the table above employee expenses for 2019-20 are shown as being over budget as they are being compared to the approved budget. However, this budget was amended to take into consideration changes in staffing levels for the HEART and Marketing. It is expected costs may be under the amended budget due to reduced training, education and conferences expenditure with training courses being cancelled and staff being unable to attend training as a result of COVID-19 restrictions.

The following chart compares operating employee costs and rates and shows that for 2020-21 budgeted operating employee costs constitute approximately 72% of budgeted rates and is higher than last year's ratio of 71%. The ratio is now showing an increasing trend.



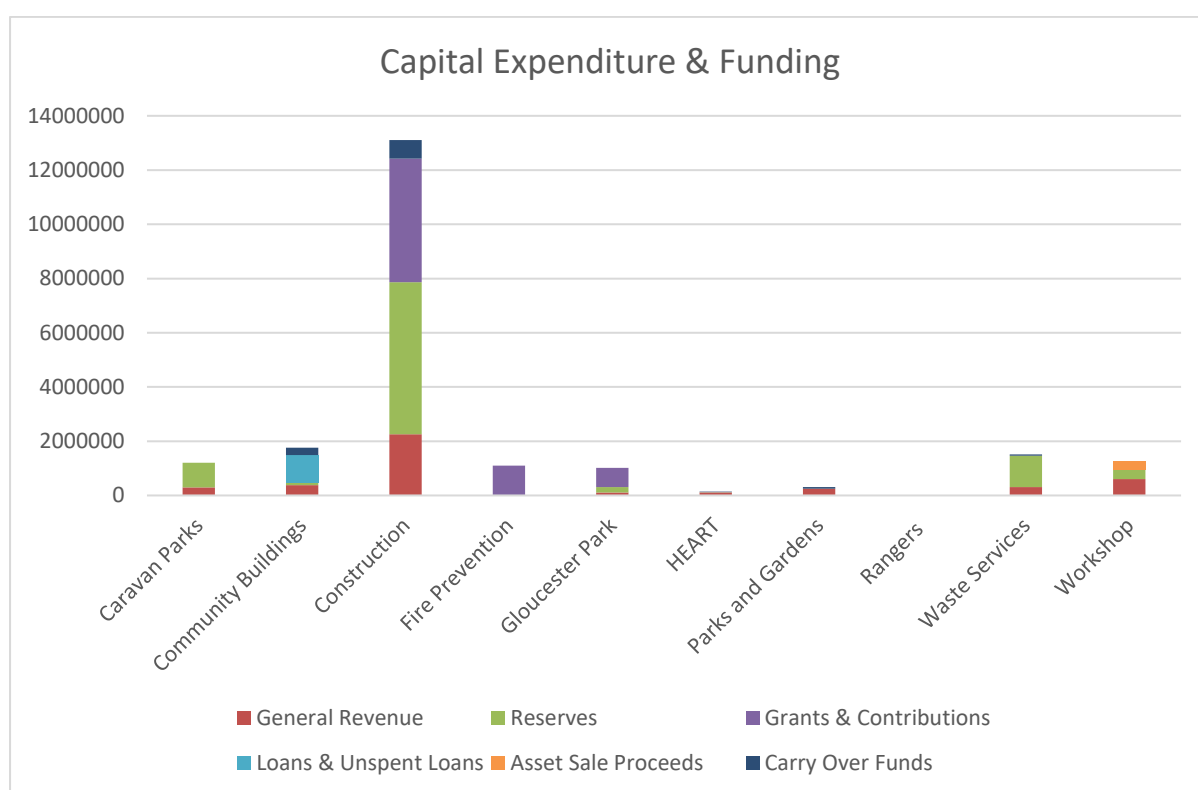
Capital Works Programme

\$21.602 million has been allocated towards capital works and the following table provides a breakdown of the type of expenditure and the source of funding.

Capital Expenditure and Funding Source	\$	%
Asset renewal expenditure	9,249,705	42.8%
New assets	3,734,608	17.3%
Asset upgrades	8,617,500	39.9%
Total Capital Expenditure	21,601,813	
Funded by:		
General revenue	4,419,481	20.5%
Reserves	8,333,474	38.6%
Grants and contributions	6,391,627	29.6%
Loan borrowings & unspent loan	1,033,705	4.7%
Asset sale proceeds	286,500	1.3%
Previous period funding (carry overs)	1,137,026	5.3%

The table shows most expenditure is required to renew existing capital assets as opposed to upgrading assets or acquiring new assets. Focussing on asset renewal is the preferred asset management strategy and ideally should exceed the annual depreciation allocation which would demonstrate that assets are being renewed at a greater rate than they are deteriorating. This result is measured by the Asset Sustainability ratio and for 2020-21 this is not quite the case with the ratio's result being 97.2%. The main street upgrade project has contributed to this less than optimal result as the project has been classified as upgrade although part of the works could be considered renewal. The classification of capital expenditure projects is a developing asset management process that has an impact upon ratio results.

The following chart provides an indication of capital expenditure and funding by business units with capital expenditure exceeding \$0.100 million and clearly shows road and related expenditure is the dominant area of capital expenditure and that a range of funding sources are used.



New asset expenditure proposed for the year includes:

- \$0.450 million for a tracked loader for the landfill site to replace the leased equivalent;
- Installation of a fire detection system for the Margaret River Recreation Centre is budgeted to cost \$0.100 million and has been carried over from 2019-20;
- Installation of solar panels on the Civic and Administration Centre at an expected cost of \$0.160 million and has an estimated payback of approximately 4 years;
- A hockey training facility, half size ground with a synthetic pitch, is budgeted to cost \$1.003 million and is largely funded by grants, contributions and reserves;
- Various works to the HEART building that were excluded from the building contract but are required for compliance reasons and to improve the useability of the facility will be funded by a loan;

- Funds have been carried over for the Cape to Cape winter diversion trail along the Margaret River and for the Flinders Bay to Cape Leeuwin path;
- \$0.190 million for new plant items; and
- construction of the next stage of chalets at Turner Caravan Park (\$0.430 million) is funded from reserves.

The redevelopment of the Margaret River main street is the major asset upgrade project with \$4.739 million allocated in the budget funded from the Margaret River CBD Redevelopment reserve. Stage 2 of this project is currently in progress and scheduled for completion in September/October 2020. Stage 3 works from Willmott Avenue to Forrest Road/Wallcliffe Road are dependent upon additional funding being received.

Other asset upgrade/expansion projects include:

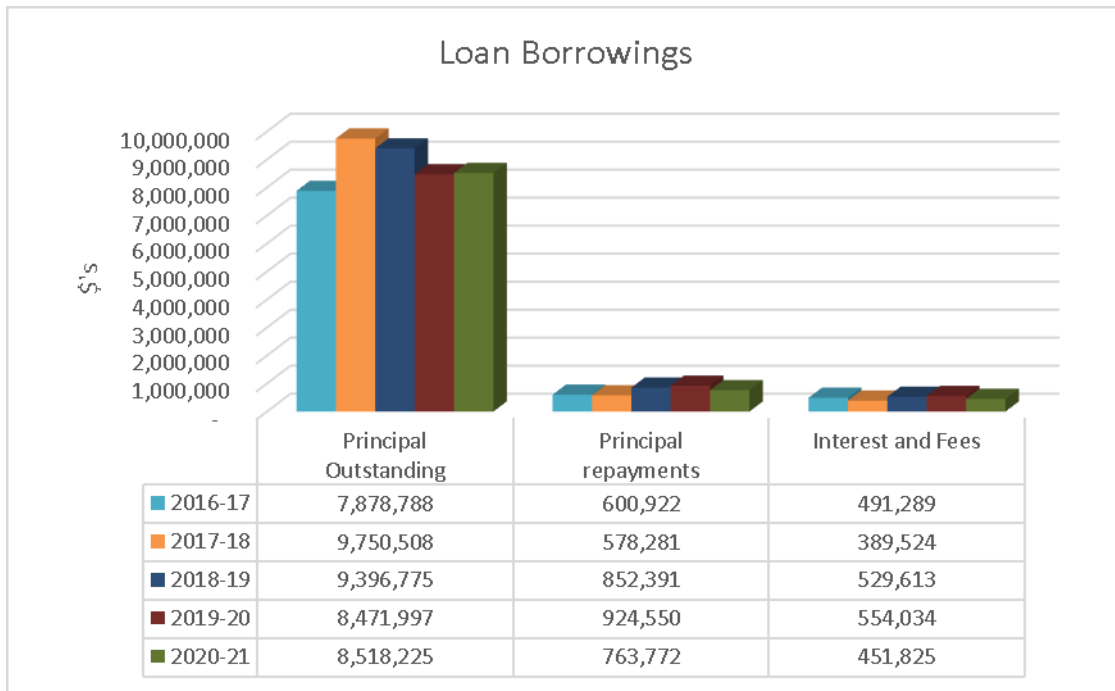
- \$0.700 million has been allocated for the continuation of the waste cell construction and leachate pond project at the Davis Road landfill and is funded from the Waste Management reserve;
- Various road, path and carpark expansion projects totalling over \$0.564 million;
- \$1.116 million for Rosa Glen Road is classified as an upgrade project but would include a renewal component;
- Ashton Street and Kevill Road projects are funded from developer contributions; and
- \$0.150 million has been allocated to Turner Holiday Park services upgrades.

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. \$3.356 million is allocated to road and infrastructure preservation works with majority of road works funded by the State Government's Regional Road Group grants administered through Main Roads WA. Major road rehabilitation projects include the continuation of Leeuwin Road (\$0.750 million), Warner Glen Road (\$0.478 million) and Rosa Brook Road (\$0.300 million). 2020-21 is the second year of the latest five years Roads to Recovery grant allocation from the Federal Government and \$0.649 million has been allocated towards funding various preservation works including asphalt overlays, rural reseals and lower order roads renewals.

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 2016-17. Principal and interest repayments have increased in recent years as a result of new borrowings in 2017-18 and 2018-19 for the HEART project, asbestos removal and reinstatement projects and the Margaret River Youth Precinct. A new loan of \$0.810 million for various building projects is budgeted for 2020-21. Consequently, loan principal outstanding is expected to increase to \$8.518 million from \$8.472 million last year but is still below the peak of \$9.751 million at 30 June 2018. Principal repayments for 2020-21 total \$0.764 million and interest repayments, including the Government Guarantee Fee, total \$0.452 million.



Reserves

The forecast balance of reserves at 30 June 2020 of \$22.288 million exceeded budget expectations primarily due to the delayed commencement of the Margaret River main street project not requiring the full transfer of funds from the Margaret River CBD Redevelopment reserve.

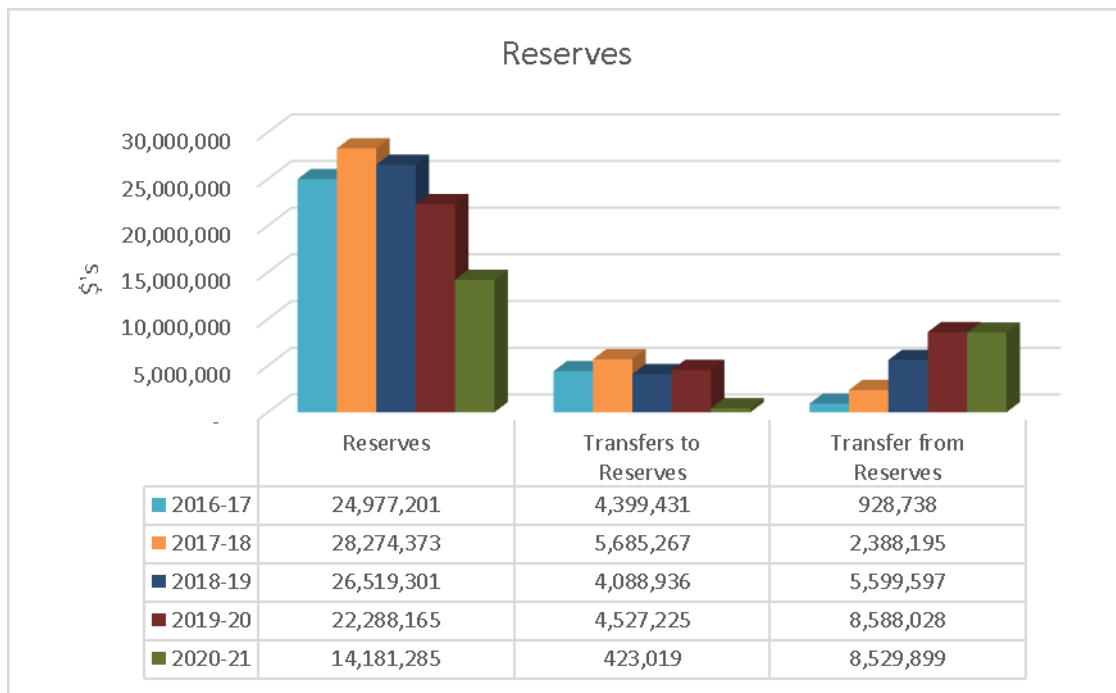
Reserve balances are budgeted to decrease to \$14.181 million at 30 June 2021. However, this balance is expected to reduce as no transfers have been budgeted from the Emergency Disaster Relief reserve although this reserve will be drawn down upon progressively to fund COVID-19 economic stimulus, community resilience and financial hardship measures.

For 2020-21 transfers from reserves of \$8.529 million are expected for various projects including:

- Margaret River main street upgrade (\$4.739 million);
- Turner Holiday Park chalets and ablutions facility and service upgrades (\$0.910 million) from the Caravan Park upgrade reserve;
- replacement of mobile plant and equipment (\$0.370 million);
- the Flinders Bay to Cape Leeuwin Path (\$0.100 million);
- Kevill road widening (\$0.300 million), Ashton Street reconstruction (\$0.200 million) and Witchcliffe Hall project (\$0.070 million) from the Developer Contributions reserve;
- Gnarabup foreshore path realignment (\$0.238 million) from the Cedarvale reserve;
- Hockey training facility (\$0.200 million);
- Waste cell and leachate pond project and purchase of tracked loader (\$1.150 million) from the Waste Management reserve; and
- Environmental management fund projects (\$0.048 million) from the Biodiversity reserve.

Additionally, funds from the Developer Contributions reserve are used 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 \$0.423 million of which \$0.200 million are developer contributions to be received, \$0.135 million is the transfer of plant costs recovered to the Plant Replacement reserve and the other transfers are various incomes received and required to be received such as Interest Free Loan proceeds and funds from the Old Settlement lease. Limited funds generated from operations has restricted the amount available to be transferred to reserves in 2020-21.



Should all budgeted reserve transfers occur the Shire's most significant reserves would be:

- Waste Management reserve with \$5.991 million;
- Developer Contributions reserve with \$1.114 million;
- Road Assets reserve with \$1.000 million;
- Gravel Pits reserve with \$0.787 million;
- Plant Replacement reserve with \$0.726 million; and
- Infrastructure Contributions reserve with \$0.593 million.

The balances of the Community Facilities reserve (\$0.040 million) and Caravan Parks Upgrade reserve (\$0.347 million) have declined as a result of some large past and expected transfers and it would be prudent to transfer funds to these reserves to assist funding of future capital projects.

SHIRE OF AUGUSTA MARGARET RIVER
STATUTORY FINANCIAL REPORT BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

LOCAL GOVERNMENT ACT 1995

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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

SHIRE OF AUGUSTA MARGARET RIVER
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	22,453,626	22,193,761	22,123,740
Operating grants, subsidies and contributions	10(a)	1,855,486	2,475,798	1,429,985
Fees and charges	9	9,764,303	9,300,605	9,757,140
Service charges	1(f)	4,000	4,000	4,333
Interest earnings	12(a)	380,500	727,236	1,003,300
Other revenue	12(b)	35,400	56,376	35,100
		34,493,315	34,757,776	34,353,598
Expenses				
Employee costs		(16,165,915)	(15,640,605)	(15,279,729)
Materials and contracts		(11,141,159)	(8,976,309)	(10,248,162)
Utility charges		(948,110)	(774,099)	(940,000)
Depreciation on non-current assets	5	(9,516,948)	(9,493,710)	(9,361,200)
Interest expenses	12(d)	(451,824)	(554,034)	(564,202)
Insurance expenses		(687,831)	(768,925)	(644,547)
Other expenditure		(1,179,107)	(1,010,642)	(1,107,594)
		(40,090,894)	(37,218,324)	(38,145,434)
Subtotal		(5,597,579)	(2,460,548)	(3,791,836)
Non-operating grants, subsidies and contributions	10(b)	6,751,627	4,952,731	5,707,255
Profit on asset disposals	4(b)	50,470	91,576	12,373
Loss on asset disposals	4(b)	(34,465)	(38,267)	(34,913)
Proceeds from sale of land inventory		0	122,727	0
		6,767,632	5,128,767	5,684,715
Net result		1,170,053	2,668,219	1,892,879
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		1,170,053	2,668,219	1,892,879

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

SHIRE OF AUGUSTA MARGARET RIVER FOR THE YEAR ENDED 30 JUNE 2021

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has 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 16 to the budget.

2019/20 ACTUAL BALANCES

Balances shown in this budget as 2019/20 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

AASB 1059 Service Concession Arrangements: Grantors

AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget.

Specific impacts of AASB 2018-7 have not been identified.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

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.

Excludes 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.

REVENUES (CONTINUED)

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.

FEES AND CHARGES

Revenue (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, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

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 and amortisation 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.

SHIRE OF AUGUSTA MARGARET RIVER
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
Revenue	1,9,10(a),12(a),12(b)	\$	\$	\$
Governance		230,840	204,945	255,495
General purpose funding		23,834,487	24,602,204	24,089,083
Law, order, public safety		987,609	843,136	721,824
Health		39,420	133,543	124,460
Education and welfare		452,450	443,567	430,700
Community amenities		5,300,145	5,320,102	5,185,376
Recreation and culture		1,190,664	742,124	1,079,120
Transport		50,700	183,736	89,400
Economic services		2,387,000	2,191,774	2,358,140
Other property and services		20,000	61,494	20,000
		34,493,315	34,726,625	34,353,598
Expenses excluding finance costs	4(a),5,12(c),(e),(f)			
Governance		(7,141,048)	(6,986,427)	(7,199,432)
General purpose funding		(1,069,430)	(906,996)	(1,237,537)
Law, order, public safety		(2,361,206)	(1,908,802)	(2,144,382)
Health		(606,474)	(551,720)	(558,328)
Education and welfare		(416,517)	(459,591)	(455,666)
Community amenities		(5,714,650)	(4,686,839)	(5,185,942)
Recreation and culture		(9,957,640)	(9,331,148)	(9,442,197)
Transport		(10,448,242)	(9,769,490)	(9,811,842)
Economic services		(1,898,403)	(1,507,375)	(1,483,108)
Other property and services		(25,460)	(524,751)	(62,798)
		(39,639,070)	(36,633,139)	(37,581,232)
Finance costs	,7,6(a),12(d)			
Governance		(297,356)	(379,919)	(385,461)
Community amenities		0	(327)	(333)
Recreation and culture		(125,522)	(139,242)	(143,335)
Economic services		(28,946)	(34,546)	(35,073)
		(451,824)	(554,034)	(564,202)
Subtotal		(5,597,579)	(2,460,548)	(3,791,836)
Non-operating grants, subsidies and contributions	10(b)	6,751,627	4,952,731	5,707,255
Profit on disposal of assets	4(b)	50,470	91,576	12,373
(Loss) on disposal of assets	4(b)	(34,465)	(38,267)	(34,913)
Proceeds from sale of land inventory		0	122,727	0
		6,767,632	5,128,767	5,684,715
Net result		1,170,053	2,668,219	1,892,879
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		1,170,053	2,668,219	1,892,879

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

**SHIRE OF AUGUSTA MARGARET RIVER
FOR THE YEAR ENDED 30 JUNE 2021**

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.

OBJECTIVE

ACTIVITIES

GOVERNANCE

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.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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.

HEALTH

To provide an operational framework for environmental and community health.

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth.

HOUSING

To provide rental and staff housing.

Provision of staff and rental housing. However, the Shire has no housing of this nature.

COMMUNITY AMENITIES

To provide services by the community.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

OTHER PROPERTY AND SERVICES

To monitor and control the Shire's overheads operating accounts.

SHIRE OF AUGUSTA MARGARET RIVER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	22,353,626	22,038,161	22,323,740
Operating grants, subsidies and contributions	1,418,824	2,779,513	1,629,985
Fees and charges	9,764,303	9,300,605	9,757,140
Service charges	4,000	4,000	4,333
Interest earnings	380,500	727,236	1,003,300
Goods and services tax	0	(4,162)	131,723
Other revenue	35,400	56,376	35,100
	33,956,653	34,901,729	34,885,321
Payments			
Employee costs	(16,165,915)	(15,891,391)	(15,154,729)
Materials and contracts	(10,691,159)	(11,294,332)	(10,073,162)
Utility charges	(948,110)	(774,099)	(940,000)
Interest expenses	(451,824)	(577,089)	(564,202)
Insurance expenses	(687,831)	(768,925)	(644,547)
Goods and services tax	0	0	(25,000)
Other expenditure	(1,179,107)	(1,010,642)	(1,107,594)
	(30,123,946)	(30,316,478)	(28,509,234)
Net cash provided by (used in) operating activities	3,832,707	4,585,251	6,376,087
	3		
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	4(a) (5,686,105)	(4,963,118)	(5,915,962)
Payments for construction of infrastructure	4(a) (15,915,708)	(12,271,589)	(17,558,000)
Non-operating grants, subsidies and contributions	6,751,627	4,952,731	5,707,255
Proceeds from sale of land held for resale	4(b) 0	122,727	0
Proceeds from sale of plant and equipment	4(b) 286,500	554,661	435,000
Proceeds on loans receivable - clubs/institutions	6(a) 19,628	(1,248)	18,277
Net cash provided by (used in) investing activities	(14,544,058)	(11,605,836)	(17,313,430)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	6(a) (763,772)	(924,549)	(924,550)
Principal elements of lease payments	7 (35,012)	(33,181)	0
Proceeds on disposal of financial assets at amortised cost - term deposits	3,735,765	4,133,031	0
Proceeds from new borrowings	6(b) 810,000	0	0
Net cash provided by (used in) financing activities	3,746,981	3,175,301	(924,550)
Net increase (decrease) in cash held	(6,964,370)	(3,845,284)	(11,861,893)
Cash at beginning of year	7,491,772	11,337,056	31,196,151
Cash and cash equivalents at the end of the year	3	527,402	19,334,258

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

SHIRE OF AUGUSTA MARGARET RIVER
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	2,247,875	3,804,165	3,587,166
	2,247,875	3,804,165	3,587,166
Revenue from operating activities (excluding rates)			
Governance	230,840	204,945	255,495
General purpose funding	1,380,861	2,408,443	1,965,343
Law, order, public safety	987,609	843,136	721,824
Health	39,420	133,543	124,460
Education and welfare	452,450	443,567	430,700
Community amenities	5,300,145	5,320,102	5,185,376
Recreation and culture	1,190,664	742,124	1,079,120
Transport	101,170	275,312	101,773
Economic services	2,387,000	2,191,774	2,358,140
Other property and services	20,000	61,494	20,000
	12,090,159	12,624,440	12,242,231
Expenditure from operating activities			
Governance	(7,403,392)	(7,333,165)	(7,584,893)
General purpose funding	(1,069,430)	(906,996)	(1,237,537)
Law, order, public safety	(2,361,206)	(1,908,802)	(2,144,382)
Health	(606,474)	(551,720)	(558,328)
Education and welfare	(416,517)	(459,591)	(455,666)
Community amenities	(5,714,650)	(4,687,166)	(5,186,275)
Recreation and culture	(10,083,162)	(9,470,390)	(9,585,532)
Transport	(10,482,707)	(9,780,484)	(9,846,755)
Economic services	(1,927,349)	(1,541,921)	(1,518,181)
Other property and services	(25,460)	(552,024)	(62,798)
	(40,090,347)	(37,192,259)	(38,180,347)
Non-cash amounts excluded from operating activities	2 (a)(i) 9,500,943	9,700,233	9,383,740
Amount attributable to operating activities	(16,251,370)	(11,063,421)	(12,967,210)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	10(b) 6,751,627	4,952,731	5,707,255
Purchase property, plant and equipment	4(a) (5,686,105)	(4,963,118)	(5,915,962)
Purchase and construction of infrastructure	4(a) (15,915,708)	(12,271,589)	(17,558,000)
Proceeds from disposal of assets	4(b) 286,500	554,661	435,000
Proceeds from sale of land held for resale	0	122,727	0
Proceeds/(Advances) of interest free loans	6(a) 19,628	(1,248)	18,277
Amount attributable to investing activities	(14,544,058)	(11,605,836)	(17,313,430)
FINANCING ACTIVITIES			
Repayment of borrowings	6(a) (763,772)	(924,549)	(924,550)
Principal elements of finance lease payments	7 (35,012)	(33,181)	0
Unspent Loan 194	6(c) 223,705	0	0
Proceeds from new borrowings	6(b) 810,000	0	0
Transfers to cash backed reserves (restricted assets)	8(a) (423,019)	(4,906,927)	(1,113,075)
Transfers from cash backed reserves (restricted assets)	8(a) 8,529,899	8,588,028	10,194,525
Amount attributable to financing activities	8,341,801	2,723,371	8,156,900
Budgeted deficiency before general rates	(22,453,626)	(19,945,886)	(22,123,740)
Estimated amount to be raised from general rates	1 22,453,626	22,193,761	22,123,740
Net current assets at end of financial year - surplus/(deficit)	2 (a)(iii) 0	2,247,875	0

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

SHIRE OF AUGUSTA MARGARET RIVER
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	2,247,875	3,804,165	3,587,166
	2,247,875	3,804,165	3,587,166
Revenue from operating activities (excluding rates)			
Operating grants, subsidies and contributions	10(a) 1,855,486	2,475,798	1,429,985
Fees and charges	9 9,764,303	9,300,605	9,757,140
Service charges	1(f) 4,000	4,000	4,333
Interest earnings	12(a) 380,500	727,236	1,003,300
Other revenue	12(b) 35,400	56,376	35,100
Profit on asset disposals	4(b) 50,470	91,576	12,373
	12,090,159	12,655,591	12,242,231
Expenditure from operating activities			
Employee costs	(16,165,915)	(15,640,605)	(15,279,729)
Materials and contracts	(11,141,159)	(8,976,309)	(10,248,162)
Utility charges	(948,110)	(774,099)	(940,000)
Depreciation on non-current assets	5 (9,516,948)	(9,493,710)	(9,361,200)
Interest expenses	12(d) (451,824)	(554,034)	(564,202)
Insurance expenses	(687,831)	(768,925)	(644,547)
Other expenditure	(1,144,095)	(977,461)	(1,107,594)
Loss on asset disposals	4(b) (34,465)	(38,267)	(34,913)
	(40,090,347)	(37,223,410)	(38,180,347)
Operating activities excluded from budgeted deficiency			
Non-cash amounts excluded from operating activities	2 (a)(i) 9,500,943	9,700,233	9,383,740
Amount attributable to operating activities	(16,251,370)	(11,063,421)	(12,967,210)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	10(b) 6,751,627	4,952,731	5,707,255
Purchase property, plant and equipment	4(a) (5,686,105)	(4,963,118)	(5,915,962)
Purchase and construction of infrastructure	4(a) (15,915,708)	(12,271,589)	(17,558,000)
Proceeds from disposal of assets	4(b) 286,500	554,661	435,000
Proceeds from sale of land held for resale	0	122,727	0
Proceeds/(Advances) of interest free loans	6(a) 19,628	(1,248)	18,277
Amount attributable to investing activities	(14,544,058)	(11,605,836)	(17,313,430)
FINANCING ACTIVITIES			
Repayment of borrowings	6(a) (763,772)	(924,549)	(924,550)
Principal elements of finance lease payments	6 (35,012)	(33,181)	0
Unspent Loan 194	6(c) 223,705	0	0
Proceeds from new borrowings	6(b) 810,000	0	0
Transfers to cash backed reserves (restricted assets)	8(a) (423,019)	(4,906,927)	(1,113,075)
Transfers from cash backed reserves (restricted assets)	8(a) 8,529,899	8,588,028	10,194,525
Amount attributable to financing activities	8,341,801	2,723,371	8,156,900
Budgeted deficiency before general rates	(22,453,626)	(19,945,886)	(22,123,740)
Estimated amount to be raised from general rates	1(a) 22,453,626	22,193,761	22,123,740
Net current assets at end of financial year - surplus/(deficit)	2 (a)(iii) 0	2,247,875	0

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

**SHIRE OF AUGUSTA MARGARET RIVER
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FOR THE YEAR ENDED 30 JUNE 2021**

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SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
Residential GRV	0.107581	5,034	84,352,080	9,074,683	120,000	10,000	9,204,683	8,936,812	9,043,222
Residential GRV Vacant	0.206089	227	2,940,260	605,955			605,955	665,668	636,858
Rural Residential GRV	0.103055	664	13,690,872	1,410,913			1,410,913	1,391,094	1,398,453
Rural Residential GRV Vacant	0.200600	170	1,969,290	395,040			395,040	425,415	352,811
Commercial, Industrial & Tourism	0.127427	1,237	42,265,116	5,385,717			5,385,717	5,302,818	5,146,234
Unimproved valuations									
Rural Strata Titled Vineyard UV	0.004705	0	0	0			0		0
UV Rural	0.004705	772	512,446,000	2,411,058			2,411,058	2,410,048	2,440,074
UV1 (one non rural use)	0.005880	116	74,329,000	437,055			437,055	428,620	428,975
UV2 (two non rural uses)	0.007057	24	13,880,000	97,951			97,951	105,865	93,915
UV3 (over 2two non rural uses)	0.008233	14	12,304,000	101,299			101,299	101,299	101,299
UV Conservation	0.004598	72	57,270,000	263,327			263,327	266,713	262,983
Sub-Totals		8,330	815,446,618	20,182,998	120,000	10,000	20,312,998	20,034,352	19,904,824
	Minimum								
Minimum payment									
	\$								
Gross rental valuations									
Residential GRV	1,335	386	4,068,499	515,310			515,310	520,650	520,650
Residential GRV Vacant	1,335	556	2,298,770	742,260			742,260	770,295	825,030
Rural Residential GRV	1,625	144	2,018,008	234,000			234,000	237,250	237,250
Rural Residential GRV Vacant	1,625	16	109,860	26,000			26,000	45,500	48,750
Commercial, Industrial & Tourism	1,434	193	1,532,303	276,762			276,762	296,838	296,838
Unimproved valuations									
Rural Strata Titled Vineyard UV	879	37	2,700,000	32,523			32,523	32,523	32,523
UV Rural	1,498	194	42,073,028	290,612			290,612	229,194	229,194
UV1 (one non rural use)	1,498	5	1,007,000	7,490			7,490	8,988	8,988
UV2 (two non rural uses)	1,498	0	0	0			0	0	0
UV3 (over 2two non rural uses)	1,498	0	0	0			0	0	0
UV Conservation	1,441	17	4,316,000	24,497			24,497	24,497	24,497
Sub-Totals		1,548	60,123,468	2,149,454	0	0	2,149,454	2,165,735	2,223,720
		9,878	875,570,086	22,332,452	120,000	10,000	22,462,452	22,200,087	22,128,544
Concessions (Refer note 1(g))							(8,826)	(6,326)	(4,804)
Total amount raised from general rates							22,453,626	22,193,761	22,123,740

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 2020/21 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.

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
		\$	%	%
Option one	24/09/2020			8.0%
Option two	24/09/2020	0	3.0%	8.0%
	26/11/2020	8.00	3.0%	8.0%
	28/01/2021	8.00	3.0%	8.0%
	1/04/2021	8.00	3.0%	8.0%

Option three

Negotiated payment arrangement that takes into consideration ratepayer's financial circumstances and payment term preferences.

An administration fee may be charged if the ratepayer does not choose to control their payments using BPAY.

Late payment penalty interest is applied if there is no-compliance with the conditions of the payment arrangement.

	2020/21 Budget revenue	2019/20 Actual revenue	2019/20 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	50,000	87,760	90,000
Instalment plan interest earned	75,000	153,018	140,000
Unpaid rates and service charge interest earned	64,500	89,533	100,000
Deferred rate interest	1,000	990	1,000
	190,500	331,301	331,000

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

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.

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

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.
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.

SHIRE OF AUGUSTA MARGARET RIVER
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

(d) Differential Minimum Payment

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 residential properties.	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	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.

SHIRE OF AUGUSTA MARGARET RIVER
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES (CONTINUED)

(e) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30 June 2021.

(f) Service Charges

	Amount of charge	2020/21 Budgeted revenue	Budget Amount to be applied to costs	Budget Amount to be set aside to reserve	Reserve Amount to be applied to costs	2019/20 Actual revenue	2019/20 Budget revenue
Service charge	\$	\$	\$	\$	\$	\$	\$
Cowaramup Underground Power	333	4,000	4,000	0	0	4,000	4,333
		4,000	4,000	0	0	4,000	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 electricity in the Cowaramup CBD.	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.

SHIRE OF AUGUSTA MARGARET RIVER
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES (CONTINUED)

(g) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2020/21 Budget	2019/20 Actual	2019/20 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Commercial property rates	Concession	50.0%		\$ 2,135	\$ 2,135	\$ 2,134	Augusta Golf Club	Not for profit organisation with limited resources
Residential property rates	Concession	100.0%		2,670	2,670	2,670	2 lots are the location of satellite facilities	Provide TV broadcasting services for the community
Rural property rates	Concession	100.0%		2,500	0	0	33 rural properties that would receive a rate increase as a result of the Unimproved Valuation (UV) of their property increasing due to the annual revaluation.	Intention of applying the same rates in the dollar and minimum payments used in 2019-20 is to ensure ratepayer's do not receive an increase in their rates.
Residential property rates	Concession	100.0%		1,521	1,521	0	A property on the railway reserve that may have some heritage value is leased by the State to a private landowner who is responsible for the property rates.	Council are considering the merits of acquiring the property and do not want the landowner to dispose of the property or to be out of pocket while this process occurs.
				8,826	6,326	4,804		

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

2 (a). NET CURRENT ASSETS

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
	\$	\$	\$
(i) Operating activities excluded from budgeted deficiency			
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.			
Adjustments to operating activities			
Less: Profit on asset disposals	4(b) (50,470)	(91,576)	(12,373)
Less: Movement in contract liabilities associated with restricted cash	0	280,023	0
Less: Movement in employee liabilities associated with restricted cash	0	6,759	0
Add: Movement in non-current contract liabilities	0	(26,950)	0
Add: Loss on disposal of assets	4(b) 34,465	38,267	34,913
Add: Depreciation on assets	5 9,516,948	9,493,710	9,361,200
Non cash amounts excluded from operating activities	9,500,943	9,700,233	9,383,740
(ii) Current assets and liabilities excluded from budgeted deficiency			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.			
Adjustments to net current assets			
Less: Unspent borrowings	6(c) (223,705)	(223,705)	(272,069)
Less: Cash - restricted reserves	3 (208,269)	(5,251,811)	(17,437,851)
Less: Financial assets - restricted	3 (14,000,000)	(17,500,000)	0
Less: Current assets not expected to be received at end of year			
- current portion of self supporting loans receivable	19,628	19,628	0
- Land held for resale	0	0	(133,637)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	810,000	763,772	0
- Current portion of contract liability held in reserve	0	436,662	0
- Current portion of lease liabilities	(35,012)	0	0
- Employee benefit provisions	1,363,871	869,244	1,399,212
Total adjustments to net current assets	(12,273,487)	(20,886,210)	(16,444,345)

2 (a). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
Note	\$	\$	\$
(iii) Composition of estimated net current assets			
Current assets			
Cash and cash equivalents- unrestricted	319,133	2,239,961	1,896,407
Cash and cash equivalents - restricted			
Cash backed reserves	208,269	5,251,811	17,437,851
Unspent grants, subsidies and contributions	26,950	463,612	0
Financial assets - unrestricted	19,628	19,628	0
Financial assets - restricted	14,000,000	17,500,000	0
Receivables	2,107,109	2,007,109	0
Inventories	148,191	98,191	0
	16,829,280	27,580,312	19,334,258
Less: current liabilities			
Trade and other payables	(1,851,583)	(1,351,583)	0
Contract liabilities	0	(436,662)	0
Long term borrowings	(810,000)	(763,772)	0
Provisions	(1,894,210)	(1,894,210)	0
	(4,555,793)	(4,446,227)	0
Net current assets	12,273,487	23,134,085	19,334,258
Less: Total adjustments to net current assets	(12,273,487)	(20,886,210)	(16,444,345)
Closing funding surplus / (deficit)	0	2,247,875	2,889,913

**SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021**

2 (b). NET CURRENT ASSETS (CONTINUED)

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's operational cycle. In the case of liabilities where the Shire 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's intentions to release for sale.

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.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

PROVISIONS

Provisions are recognised when the Shire 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.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

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.

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.

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

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:

Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Cash at bank and on hand	527,402	4,177,601	1,896,407
Term deposits	0	3,314,171	17,437,851
	527,402	7,491,772	19,334,258
- Unrestricted cash and cash equivalents	319,133	2,239,961	1,896,407
- Restricted cash and cash equivalents	208,269	5,251,811	17,437,851
	527,402	7,491,772	19,334,258
- Restricted financial assets at amortised cost - term deposits	14,000,000	17,500,000	0
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents and financial assets at amortised cost:			
Leave reserve	419,811	419,811	420,838
Margaret River CBD Redevelopment reserve	35	4,722,565	349,914
Public Open Space reserve	92,978	92,978	93,186
Caravan Parks Upgrade reserve	346,964	1,256,964	759,820
Limesand Pits reserve	65,992	65,992	66,142
Cemeteries reserve	11,170	11,170	11,197
Community Loan reserve	233,292	213,664	163,952
Cedarvale reserve	0	238,474	239,006
Waste Management reserve	5,991,013	7,141,013	10,773,208
Parking reserve	89,395	89,395	27,363
Infrastructure Contributions reserve	593,390	623,390	719,735
Biodiversity reserve	146,705	195,105	169,343
Community Facilities reserve	40,474	116,474	273,655
Plant reserve	725,855	960,534	793,235
Affordable Housing Fund reserve	63,731	63,731	63,876
Gravel Pits reserve	786,540	786,540	495,995
Self Insurance reserve	168,183	181,183	297,089
Recreation Centres reserve	23,924	22,124	22,475
Old Settlement reserve	127,608	92,808	99,792
Developer Contributions reserve	1,114,039	1,619,064	1,241,145
Community Grants reserve	23,392	23,392	23,445
Emergency Services reserve	159,176	159,176	159,690
Augusta Revitalisation reserve	123,094	223,094	0
Youth Facilities reserve	35,371	20,371	23,750
Gloucester Park reserve	2,484	152,484	150,000
Roads reserve	1,000,000	1,000,000	0
Emergency Disaster Relief reserve	1,696,703	1,696,703	0
Legal/Risk reserve	100,000	100,000	0
Unspent grants, subsidies and contributions	10 26,950	463,612	0
	14,208,269	22,751,811	17,437,851
Reconciliation of net cash provided by operating activities to net result			
Net result	1,170,053	2,668,219	1,892,879
Depreciation	5 9,516,948	9,493,710	9,361,200
(Profit)/loss on sale of asset	4(b) (16,005)	(53,309)	22,540
(Increase)/decrease in receivables	(100,000)	(319,659)	481,723
(Increase)/decrease in inventories	(50,000)	87,189	0
Increase/(decrease) in payables	500,000	(2,565,259)	175,000
Increase/(decrease) in contract liabilities	(436,662)	463,612	0
Increase/(decrease) in employee provisions	0	(236,521)	150,000
Non-operating grants, subsidies and contributions	(6,751,627)	(4,952,731)	(5,707,255)
Net cash from operating activities	3,832,707	4,585,251	6,376,087

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.

FINANCIAL ASSETS AT AMORTISED COST

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2020/21 Budget total	2019/20 Actual total	2019/20 Budget 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		158,000
Buildings - specialised						5,000	1,830,905	35,000	760,000			2,630,905	2,554,684	3,453,862
Furniture and equipment	10,000					75,000	81,700		77,000			243,700	176,978	240,100
Plant and equipment			1,101,000			450,000		1,260,500				2,811,500	2,231,456	2,064,000
	10,000	0	1,101,000	0	0	0	530,000	1,912,605	1,295,500	837,000	0	5,686,105	4,963,118	5,915,962
<u>Infrastructure</u>														
Infrastructure - Roads								9,829,500				9,829,500	9,119,846	13,670,000
Infrastructure - Road Bridges								1,087,000				1,087,000	0	80,000
Infrastructure - Car Parks								325,000				325,000	282,362	280,000
Infrastructure - Paths								1,030,500				1,030,500	542,622	1,126,000
Infrastructure - Drainage								75,000				75,000	274,965	255,000
Infrastructure - Caravan and Camping									375,000			375,000	385,064	322,000
Infrastructure - Parks and Reserves			10,000		10,000			1,332,870	590,838			1,943,708	467,946	650,000
Infrastructure - Aerodromes								10,000				10,000	61,293	
Infrastructure - Boat Ramps and Jetties									200,000			200,000	170,138	230,000
Infrastructure - Waste Management Facilities						985,000						985,000	967,353	810,000
Infrastructure - Public Utilities								55,000				55,000	0	135,000
	0	0	10,000	0	10,000	0	985,000	1,387,870	13,147,838	375,000	0	15,915,708	12,271,589	17,558,000
Total acquisitions	10,000	0	1,111,000	0	10,000	0	1,515,000	3,300,475	14,443,338	1,212,000	0	21,601,813	17,234,707	23,473,962

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document.

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Transport	270,495	286,500	50,470	(34,465)	231,352	311,934	91,576	(10,994)	177,540	155,000	12,373	(34,913)
Other property and services		0	0	0	270,000	242,727	0	(27,273)	280,000	280,000	0	0
	270,495	286,500	50,470	(34,465)	501,352	554,661	91,576	(38,267)	457,540	435,000	12,373	(34,913)
By Class												
<i>Property, Plant and Equipment</i>												
Land - freehold land		0			270,000	242,727	0	(27,273)	280,000	280,000		
Plant and equipment	270,495	286,500	50,470	(34,465)	231,352	311,934	91,576	(10,994)	177,540	155,000	12,373	(34,913)
	270,495	286,500	50,470	(34,465)	501,352	554,661	91,576	(38,267)	457,540	435,000	12,373	(34,913)

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget document

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

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.

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

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

2020/21 Budget	2019/20 Actual	2019/20 Budget
\$	\$	\$
20,268	19,050	27,600
460,044	454,054	481,200
3,996	3,986	3,600
2,328	2,320	3,600
122,268	122,154	74,400
2,086,032	2,083,701	2,060,400
5,858,952	5,855,785	5,824,800
128,328	128,209	98,400
834,732	824,451	787,200
9,516,948	9,493,710	9,361,200
1,338,482	1,335,212	1,316,576
112,622	112,347	110,779
1,427,130	1,423,646	1,403,775
5,837,124	5,822,872	5,741,598
127,355	127,044	125,271
674,235	672,589	663,201
9,516,948	9,493,710	9,361,200

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 period 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.

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

Buildings - specialised	up to 50 years
Furniture and equipment	up to 10 years
Plant and equipment	up to 20 years
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 Camping	up to 50 years
Infrastructure - Parks and Reserves	up to 50 years
Infrastructure - Boat Ramps and Jetties	up to 30 years
Infrastructure - Waste Management Facilities	up to 40 years
Infrastructure - Public Utilities	up to 40 years

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2020/21	2020/21	Budget	2020/21	Actual Principal 1 July 2019	2019/20	2019/20	Actual	2019/20	Budget	2019/20	2019/20	Budget	2019/20	
				Principal 1 July 2020	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2021	Budget Interest Repayments		Actual Principal	Actual New Loans	Actual Principal Repayments	Principal outstanding 30 June 2020	Actual Interest Repayments	Principal 1 July 2019	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2020	Budget Interest Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance																			
Civic & Admin Bldg	191	WATC	5.15%	5,144,374		(337,101)	4,807,273	(297,355)	5,542,202			(397,828)	5,144,374	(379,919)	5,542,200		(397,828)	5,144,372	(385,461)
Community amenities																			
Water wheel toilets	188	WATC	6.12%	0		0	0	0	8,803		(8,803)	0	(327)	8,804		(8,804)	0		(333)
Recreation and culture																			
Aquatic Centre	164	WATC	7.05%	24,611		(24,611)	0	(620)	118,864		(94,253)	24,611	(6,637)	118,864		(94,253)	24,611		(6,756)
Cowaramup Recreation	174	WATC	6.36%	146,959		(35,854)	111,105	(9,613)	180,621		(33,662)	146,959	(11,779)	180,621		(33,662)	146,959		(11,959)
MR Recreation Ctr Stg 1	187	WATC	6.68%	176,111		(39,754)	136,357	(12,113)	213,317		(37,206)	176,111	(14,610)	213,317		(37,206)	176,111		(14,823)
MR Recreation Ctr Stg 2	189	WATC	6.12%	0		0	0	0	58,008		(58,008)	0	(1,784)	58,008		(58,008)	0		(2,190)
HEART	192	WATC	3.48%	984,194		(60,983)	923,211	(40,895)	1,043,100		(58,906)	984,194	(41,796)	1,043,100		(58,906)	984,194		(42,841)
MR Youth Precinct	193	WATC	2.97%	271,957		(32,870)	239,087	(9,767)	303,869		(31,912)	271,957	(10,495)	303,869		(31,912)	271,957		(10,799)
Asbestos removal	194	WATC	3.20%	824,653		(91,955)	732,698	(31,523)	913,724		(89,071)	824,653	(33,659)	913,724		(89,071)	824,653		(34,573)
HEART	195	WATC	3.58%	460,491		(27,459)	433,032	(18,563)	487,049		(26,558)	460,491	(18,482)	487,049		(26,558)	460,491		(19,394)
Building projects	196	WATC	1.2%	0	810,000	(19,090)	790,910	(2,430)	0		0	0	0	0		0	0		0
Economic services																			
Augusta RTC	173	WATC	6.36%	226,662		(53,422)	173,240	(14,900)	276,810		(50,148)	226,662	(18,123)	276,809		(50,148)	226,661		(18,399)
Gnarabup Café	179	WATC	6.39%	124,680		(28,272)	96,408	(8,241)	151,215		(26,535)	124,680	(9,942)	151,216		(26,535)	124,681		(10,094)
Gnarabup Café	181	WATC	6.22%	87,304		(12,401)	74,903	(5,805)	98,963		(11,659)	87,304	(6,481)	98,963		(11,659)	87,304		(6,580)
				8,471,996	810,000	(763,772)	8,518,224	(451,825)	9,396,545	0	(924,549)	8,471,996	(554,034)	9,396,544	0	(924,550)	8,471,994		(564,202)
				8,471,996	810,000	(763,772)	8,518,224	(451,825)	9,396,545	0	(924,549)	8,471,996	(554,034)	9,396,544	0	(924,550)	8,471,994		(564,202)

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.

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(b) New borrowings - 2020/21

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
196, Building projects	WATC	Debenture	10	1.2%	\$ 810,000	\$ 50,785	\$ 810,000	\$ 0
					810,000	50,785	810,000	0

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd.	Amount used 2020/21 Budget	New loans unspent at 30 June 2021	Amount as at 30 June 2021
194, Asbestos removal & reinstatement		2017-18	\$ 223,705	\$ (223,705)	\$ 0	\$ 0
			223,705	(223,705)	0	0

(d) Credit Facilities

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	45,000	40,000	40,000
Credit card balance at balance date		11,293	0
Total amount of credit unused	45,000	51,293	40,000
Loan facilities			
Loan facilities in use at balance date	8,518,224	8,471,996	8,471,994

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.

SHIRE OF AUGUSTA MARGARET RIVER
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal	2020/21 Budget Lease Principal	Budget Lease Principal outstanding	2020/21 Budget Lease Repayments	Actual Principal	2019/20 Actual New Leases	Actual Lease Principal repayments	Actual Lease Principal outstanding	2019/20 Actual Lease repayments	Budget Principal	2019/20 Budget New Leases	Budget Lease Principal repayments	Budget Lease Principal outstanding	2019/20 Budget Lease repayments	
					1 July 2020	2020/21 Budget New Leases	30 June 2021	2020/21 Budget Repayments	1 July 2019	Leases	30 June 2020	1 July 2019	Leases	30 June 2020	1 July 2019	Leases	30 June 2020	1 July 2019	Leases
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																			
Postage Meter (Records)	ID-04644	Pitney Bowes	3.3%	60	14,979	(4,290)	10,689	(430)	19,130		(4,151)	14,979	610	19,130		(4,151)	14,979	(430)	
A0 Printer/Plotter	00014414	CSG Finance	3.3%	72	44,209	(9,118)	35,091	(1,322)	52,307		(8,098)	44,209	(1,472)	52,307		(9,118)	43,189	(1,322)	
Law, order, public safety																			
CESM Ute	923351	SG Fleet	3.1%	36	22,331	(16,952)	5,379	(453)	38,766		(16,435)	22,331	(970)	38,766		(16,435)	22,331	(970)	
CESM Ute POD	923350	SG Fleet	3.4%	72	21,271	(4,652)	16,619	(651)	25,768		(4,497)	21,271	(806)	25,768		(4,497)	21,271	(806)	
					102,790	0	(35,012)	67,778	(2,856)	135,971	0	(33,181)	102,790	(2,638)	135,971	0	(34,201)	101,770	(3,528)

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At the inception of a contract, the Shire assesses whether the contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and a lease liability.

at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined.

If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

8. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	419,811	0	0	419,811	413,052	6,759	0	419,811	413,052	7,786	0	420,838
(b) Margaret River CBD Redevelopment	4,722,565	16,470	(4,739,000)	35	7,643,734	78,831	(3,000,000)	4,722,565	7,643,734	206,180	(7,500,000)	349,914
(c) Public Open Space reserve	92,978	0	0	92,978	91,462	1,516	0	92,978	91,462	1,724	0	93,186
(d) Caravan Parks Upgrade reserve	1,256,964	0	(910,000)	346,964	1,236,480	20,484	0	1,256,964	1,236,480	23,340	(500,000)	759,820
(e) Limesand Pits reserve	65,992	0	0	65,992	64,918	1,074	0	65,992	64,918	1,224	0	66,142
(f) Cemeteries reserve	11,170	0	0	11,170	10,990	180	0	11,170	10,990	207	0	11,197
(g) Community Loan reserve	213,664	19,628	0	233,292	142,988	70,676	0	213,664	142,988	20,964	0	163,952
(h) Cedarvale reserve	238,474	0	(238,474)	0	234,584	3,890	0	238,474	234,584	4,422	0	239,006
(i) Waste Management reserve	7,141,013	0	(1,150,000)	5,991,013	10,301,368	369,148	(3,529,503)	7,141,013	10,563,368	209,840	0	10,773,208
(j) Parking reserve	89,395	0	0	89,395	181,390	3,005	(95,000)	89,395	181,390	2,973	(157,000)	27,363
(k) Infrastructure Contributions reserve	623,390	0	(30,000)	593,390	1,460,952	101,438	(939,000)	623,390	1,460,952	26,783	(768,000)	719,735
(l) Biodiversity reserve	195,105	0	(48,400)	146,705	166,355	28,750	0	195,105	166,355	2,988	0	169,343
(m) Community Facilities reserve	116,474	0	(76,000)	40,474	319,526	124,948	(328,000)	116,474	607,526	4,129	(338,000)	273,655
(n) Plant reserve	960,534	135,321	(370,000)	725,855	999,481	266,053	(305,000)	960,534	999,481	18,754	(225,000)	793,235
(o) Affordable Housing Fund reserve	63,731	0	0	63,731	62,694	1,037	0	63,731	62,694	1,182	0	63,876
(p) Gravel Pits reserve	786,540	0	0	786,540	565,303	221,237	0	786,540	565,304	10,691	(80,000)	495,995
(q) Self Insurance reserve	181,183	0	(13,000)	168,183	304,352	4,831	(128,000)	181,183	304,352	5,737	(13,000)	297,089
(r) Recreation Centres reserve	22,124	1,800	0	23,924	20,292	1,832	0	22,124	20,292	2,183	0	22,475
(s) Old Settlement reserve	92,808	34,800	0	127,608	65,607	27,201	0	92,808	65,607	34,185	0	99,792
(t) Developer Contributions reserve	1,619,064	200,000	(705,025)	1,114,039	1,306,016	536,573	(223,525)	1,619,064	1,306,016	228,654	(293,525)	1,241,145
(u) Community Grants reserve	23,392	0	0	23,392	23,011	381	0	23,392	23,011	434	0	23,445
(v) Emergency Services reserve	159,176	0	0	159,176	195,995	3,181	(40,000)	159,176	195,995	3,695	(40,000)	159,690
(w) Augusta Revitalisation reserve	223,094	0	(100,000)	123,094	0	223,094	0	223,094	0	280,000	(280,000)	0
(x) Youth Facilities reserve	20,371	15,000	0	35,371	8,750	11,621	0	20,371	8,750	15,000	0	23,750
(y) Gloucester Park reserve	152,484	0	(150,000)	2,484	150,000	2,484	0	152,484	150,000	0	0	150,000
(z) Roads reserve	1,000,000	0	0	1,000,000	0	1,000,000	0	1,000,000	0	0	0	0
(f) Emergency Disaster Relief reserve	1,696,703	0	0	1,696,703	0	1,696,703	0	1,696,703	0	0	0	0
(l) Legal/Risk reserve	100,000	0	0	100,000	0	100,000	0	100,000	0	0	0	0
	22,288,199	423,019	(8,529,899)	14,181,319	25,969,300	4,906,927	(8,588,028)	22,288,199	26,519,301	1,113,075	(10,194,525)	17,437,851

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

8. 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:

	Anticipated	
Reserve name	date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Margaret River CBD Redevelopment	2020-21	To be used for funding capital projects in the Margaret River townsite
(c) Public Open Space reserve	Ongoing	To be used to fund future public open space requirements
(d) Caravan Parks Upgrade reserve	Ongoing	To be used for the upgrading of Caravan Parks and Camping Grounds
(e) Limesand Pits reserve	Ongoing	Rehabilitation and development of the Boranup, Redgate and other Shire limesand pits
(f) Cemeteries reserve	Ongoing	To be used for the upgrade of cemeteries
(g) Community Loan reserve	Ongoing	Interest free funding for eligible groups associated with sporting and cultural activities
(h) Cedarvale reserve	2020-21	To meet obligations in respect of the Cedarvale agreement for Gnarabup and future foreshore rehabilitation at Gnarabup & Prevelly
(i) Waste Management reserve	Ongoing	To fund future waste facility and plant requirements
(j) Parking reserve	Ongoing	To be used to fund future car parking requirements
(k) Infrastructure Contributions reserve	Ongoing	To be used to fund future road and drainage construction and maintenance requirements
(l) Biodiversity reserve	Ongoing	To be used for the funding of biodiversity initiatives
(m) Community Facilities reserve	Ongoing	To be used for the construction and renewal of community buildings and facilities
(n) Plant reserve	Ongoing	To be used for the purchase of plant, vehicles and equipment
(o) Affordable Housing Fund reserve	Ongoing	Infrastructure and capital improvements within the area covered by the West Cowaramup townsite strategy
(p) Gravel Pits reserve	Ongoing	Rehabilitation, development and use of gravel and other related resources
(q) Self Insurance reserve	Ongoing	Self insurance, workers compensation performance risk, risk management & other related employee and organisational activities
(r) Recreation Centres reserve	Ongoing	Income from advertising signs is reserved for future improvements to recreation facilities
(s) Old Settlement reserve	Ongoing	Income from the lease of the Old Settlement site is reserved for future improvements and renewal of these facilities
(t) Developer Contributions reserve	Ongoing	Funds received and used in accordance with the Developer Contributions Plan
(u) Community Grants reserve	Ongoing	Funds from the sale of special series number plates and other initiatives may be provided as community grants
(v) Emergency Services reserve	Ongoing	To be used for the provision of emergency services in the Shire
(w) Augusta Revitalisation reserve	Ongoing	To be used for funding capital projects in Augusta
(x) Youth Facilities reserve	Ongoing	To be used to renew and develop youth facilities in the Shire
(y) Gloucester Park reserve	Ongoing	To be used to fund projects within the Gloucester Park precinct
(z) Roads reserve	Ongoing	To be used to renew and upgrade roads in the Shire
(f) Emergency Disaster Relief reserve	Ongoing	To provide funds for the Shire and community to respond to emergency events
(l) Legal/Risk reserve	Ongoing	To assist with legal and risk matters

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

9. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
Governance	\$ 202,300	\$ 156,337	\$ 202,800
General purpose funding	183,210	214,030	206,850
Law, order, public safety	143,564	139,008	184,814
Health	39,420	133,543	124,460
Education and welfare	404,950	388,274	430,700
Community amenities	5,212,645	5,320,102	5,185,376
Recreation and culture	1,167,514	719,503	1,021,600
Transport	50,700	92,160	69,400
Economic services	2,360,000	2,137,648	2,331,140
	9,764,303	9,300,605	9,757,140

10. GRANT REVENUE

	Unspent grants, subsidies and contributions liability				Grants, subsidies and contributions revenue			
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
By Program:	\$	\$	\$	\$	\$	\$	\$	\$
(a) Operating grants, subsidies and contributions								
Governance	2,071		(2,071)	0	0	20,440	46,357	44,595
General purpose funding				0		813,151	1,585,904	750,860
Law, order, public safety				0		844,045	704,128	537,010
Education and welfare	47,500		(47,500)	0	0	47,500	55,293	
Community amenities				0		87,500		
Recreation and culture				0		22,850	22,622	57,520
Transport				0				20,000
Other property and services				0		20,000	61,494	20,000
	49,571	0	(49,571)	0	0	1,855,486	2,475,798	1,429,985
(b) Non-operating grants, subsidies and contributions								
Law, order, public safety				0		1,101,000	672,383	1,280,000
Community amenities	26,950		0	26,950	26,950	200,000	515,306	274,000
Recreation and culture				0		879,289	103,033	1,155,268
Transport	387,091		(387,091)	0	0	4,571,338	3,662,009	2,997,987
	414,041	0	(387,091)	26,950	26,950	6,751,627	4,952,731	5,707,255
Total	463,612	0	(436,662)	26,950	26,950	8,607,113	7,428,529	7,137,240

(c) Unspent grants, subsidies and contributions were restricted as follows:

	Budget Closing Balance 30 June 2021	Actual Balance 30 June 2020
Unspent grants, subsidies and contributions	26,950	463,612
	26,950	463,612

SHIRE OF AUGUSTA MARGARET RIVER
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

11. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	when obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities including the HEART	Single point in time	In full in advance	Refund to be considered if event cancelled	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements, private works, Cinema and events at the HEART	Single point in time	Payment in full in advance	None	Adopted by council annually or set by mutual agreement	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Kiosk and HEART stock	Single point in time	Payment in full on sale	None	Adopted by council annually	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

12. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Investments			
- Reserve funds	150,000	341,469	500,400
- Other funds	88,000	138,396	200,400
- Margaret River Main Street OCDF	0		60,000
Late payment of fees and charges *	2,000	3,830	2,500
Other interest revenue (refer note 1b)	140,500	243,541	240,000
	380,500	727,236	1,003,300

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 8%.

(b) Other revenue

Reimbursements and recoveries	35,400	56,376	35,100
	35,400	56,376	35,100

The net result includes as expenses

(c) Auditors remuneration

Audit services	60,000	25,260	56,000
Other services	10,000	8,450	10,000
	70,000	33,710	66,000

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))	451,825	554,034	564,202
Interest expense on lease liabilities	0	0	0
	451,825	554,034	564,202

(e) Elected members remuneration

Meeting fees	136,895	136,112	136,895
Mayor/President's allowance	39,754	39,445	39,754
Deputy Mayor/President's allowance	9,938	9,938	9,938
Travelling expenses	24,000	16,894	24,000
Telecommunications allowance	24,500	24,387	24,500
	235,087	226,776	235,087

(f) Write offs

General rate	12,000	18,101	1,000
	12,000	18,101	1,000

13. MAJOR LAND TRANSACTIONS

It is not anticipated any many land transactions will occur in 2020-21.

14. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2020-21.

15. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2020/21.

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Augusta Margaret River's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

16. 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:

Detail	Balance 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Unclaimed Monies	2,858	0	(2,858)	0
BCITF Levy	3,719	0	(3,719)	0
Dept of Transport Licencing	49,164	0	(49,164)	0
BRB Levy	10,826	0	(10,826)	0
Emergency Services Levy	(2,335)	2,335	0	0
Community Arts Event	3,308	0	(3,308)	0
Public Open Space	138,274	0	0	138,274
Bonds - Roadworks	640,182	0	(640,182)	0
	845,996	2,335	(710,057)	138,274

17. 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 financial 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.