



# **ANNUAL BUDGET**

## **2017-18**

Adopted by Council on 26 July 2017 (OM2017/190)

## CEO's Budget Overview

The 2017-18 balanced budget includes capital and operating expenditures of \$60 million. Compared to last year's amended budget this is an increase of \$12 million in expenditure for the benefit of the community and visitors to the Shire. Much of this expenditure is spent locally and generates a significant economic benefit within the region.

The budget aims to deliver a balance of new and improved assets and a comprehensive range of important community services and facilities. Prudent use of our savings (reserves) and our borrowing capacity has allowed us to leverage ratepayer funds by obtaining grants funding 36% of our capital works program.

With a forecast balance of over \$23 million in cash backed reserves, we are improving our ability to meet significant future challenges including the redevelopment of the main street of Margaret River and the conversion of the Davis Road Waste Landfill site to a waste transfer station servicing a regional waste facility.

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

Influenced by continuing soft economic conditions and mindful of the impact cost increases have upon the community, Council approved a rate yield increase of 3% be applied for 2017-18. This increase equated with the increase forecast in the Long Term Financial Plan and the increase applied last year.

Revalued property valuations provided by Landgate in 2017 resulted in an average increase of 4.1% across the sector. As this increase is an average, changes for individual properties may be either higher or lower. This means some rural property owners may receive a rate increase greater than the 3% intended and others may receive a rate decrease.

Rate increases greater than forecast inflation ensure the continued provision of services to our community and its many visitors, which on any day are estimated to represent an additional 10% of the Shire's population. Additionally, cost increases generally exceed inflation for items such as street lighting, utilities, insurance, some contract services and construction materials.

A balanced budget has been delivered for the community with operating and capital expenditure demands totalling \$60 million being fully funded by rates, revenue, grants, reserves, loans and surplus budget funds from last year. This positive result is becoming increasingly difficult to achieve as obtaining funding for projects becomes more challenging.

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

The ongoing process of revaluing the Shire's assets to reflect their "fair value" rather than their historical cost impacts depreciation and as this process is refined depreciation allocations should better represent the consumption of assets as determined by their remaining useful life and condition assessment. Asset fair values have the benefit of providing an improved understanding of the gap between required and actual asset renewal expenditure. However, limited funds and competing priorities may require service levels to be discussed and may result in some rationalisation of assets. While the Shire recognises it has an asset renewal gap, particularly for roads, it is pleasing to note capital expenditure to renew our asset base is budgeted to exceed depreciation.

Employee costs are the Shire's largest expenditure item and are constantly being scrutinised by Council, management and the community. The Shire's enterprise agreement and Workforce Plan ensures workforce costs are restrained. On a budget to budget basis total operating employee costs (salaries, wages, superannuation, workers compensation, leave, uniforms, protective clothing, training and FBT) are expected to increase by 1.4%.

The Shire is likely to be the largest single employer in the area with over 200 employees and as the majority live within the Shire, they and their families make a major contribution to the economy and the community.

The Shire's 2017-18 Budget will continue to provide a wide range of services and activities benefiting our community such as:

- Special Projects for the Landcare area total \$284,100 and include the continuation of the \$100,000 environmental management fund which commenced last year and provides tangible financial support for the Shire's strategic goal of valuing the natural environment as well as an additional \$100,000 allocated by Council.
- Contributions for events include \$135,000 for major events that increase visitor numbers and expenditure in the Shire and a further \$50,500 is provided to local events such as Australia Day, Anzac Day, the Agricultural Show and the Augusta River Festival.
- Over \$100,000 has been allocated as donations, sponsorships and contributions to support local groups across the Shire.
- Our Community Planning and Development team have allocated \$129,204 to youth, community capacity building, safer communities and disability access and inclusion projects.
- Bushfire brigade volunteers will receive \$876,000 of capital equipment and State Emergency Service volunteers \$70,000 of capital equipment through the Emergency Services Levy (ESL) and other contributions. Operating costs for the brigades and the SES will also continue to be funded by the Shire and the ESL.
- The Shire continues to commit extensive expenditure to a myriad of community and recreation services such as the libraries, aquatic centre, indoor recreation centres, parks and gardens, recreation ovals, skate parks, halls, cultural centre, after school and school holiday child care and public toilets.
- Despite significant expenditure for waste services, which is partly attributable to increased legislative and environmental requirements for landfill sites, no additional funding from property rates is required to supplement fees and charges and a significant reserve for future major capital works has been established.
- Finalisation of the design for the upgrade of the main street of Margaret River is planned to occur in 2017-18. The Shire received \$5.490 million in funding from

Royalties for Regions in June 2016 and these funds have been placed in the Margaret River CBD Redevelopment reserve. Construction works for the \$7.490 million project are expected to commence in late 2018 after the Perimeter Road project has been completed.

- A \$1.1 million loan is to be drawn down to assist funding the redevelopment of the aging Cultural Centre facility and surrounding buildings into a multi-purpose hub for entertainment, arts and regional tourism. Loan repayments are funded by developer contributions.
- A \$0.350 million loan has been included for the redevelopment of the Margaret River Youth Precinct with repayments funded from developer contributions.
- A \$1 million loan is to be drawn down for the removal and replacement of asbestos on community buildings.
- Almost \$5.5 million of the Shire's capital works programme total of \$25.48 million will be funded from general revenue and is an increase compared to last year. Other major funding sources include Shire reserves (\$4.284 million), grants (\$9.252 million) and the carryover of projects from last year (\$2.930 million).
- The construction of 3 chalets and the related power upgrade at Turner Caravan Park is expected to be completed early in the year and are funded by a transfer from the Caravan Park Upgrade reserve. The construction of additional chalets is budgeted to occur later in the year.
- Our business unit reporting shows that excluding capital investment our Caravan Parks are our strongest performer and normally provide a contribution to the financial operation of the Shire. Building Services also provides a net surplus and other business units such as Outside School Hours Care and the Fitness Centre strive to record a close to break-even position. The Waste Services area is also self-sufficient as waste fees and charges and reserve transfers fully fund operating and capital expenditure needs. However, the majority of business units are service providers and raise limited revenue or are providing services for the benefit of the community and are subsidised by general revenue as they are considered an investment in protecting the environment, fostering economic activity, enhancing the community's health, wellbeing and safety, and improving the quality of community life in the Shire.

Overall, the Shire's budget for 2017-18 endeavours to meet the service expectations of the community within the limitations of local and wider economic conditions.

## 2017-18 Budget Summary

A summary of the Annual Budget 2017-18 compared to the Forecast Actual result and Annual Budget for 2016-17 is provided below for reference purposes:

Description	2017-18 Budget \$'000s	2016-17 Forecast \$'000s	2016-17 Budget \$'000s
Rates	20,299	19,582	19,342
Operating Revenue	11,760	13,642	11,936
Operating Expenditure	34,936	33,923	34,343
Capital Grants	9,646	4,408	9,557
Net Result	2,725	3,709	6,492
Asset Purchases	25,480	8,581	20,486
Asset Sale Proceeds	2,136	472	644
Borrowings Repaid	708	601	601
Borrowings to be Drawn	2,450	0	1,450
Transfers To Reserve	2,748	4,399	1,041
Transfers From Reserve	4,333	929	2,961
Brought Forward Surplus	4,041	2,242	2,188
Closing Budget Position	0	4,041	0

It is expected the Shire will commence the budget year with a surplus of \$4,041,229 from 2016-17. This is an improvement on the budgeted result expected for 2016-17 and is the result of a number of factors including:

- Carrying forward various operating expenditure projects totalling \$433,402;
- Carrying forward various capital projects totalling \$2,930,498;
- Carrying forward the advance advance payment for 2017-18 of Financial Assistance Grants of \$677,329 received in June 2017; and
- Various under and over expenditures and revenues for the year.

Expectations are that 2017-18 will end up with a balanced result.

### Rates

Updated property values for rating purposes were received from Landgate for all rural or unimproved value (UV) properties in the Shire and are effective from 1 July 2017. The previous valuation for UV rated properties was 1 July 2016. Gross Rental Value (GRV) properties are valued on a 3 year cycle with the next valuation effective on 1 July 2018.

Compared to the previous year's valuations rural property values increased by an average of 4.1%. The change in property valuations is one of the variables considered when determining the rating approach for the budget year. The following chart shows the average annual change in unimproved property valuations since 2006-07.



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

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

Having considered these factors Council agreed to increase rates by 3% which was the same increase proposed in the Shire's Long Term Financial Plan. As a result of this decision all minimum payments were increased by 3% and all rates in the dollar for GRV properties were also increased by 3%. Rates in the dollar for unimproved properties were decreased by an average 1.9% to take into consideration the impact of the average 4.1% increase in property valuations for the year.

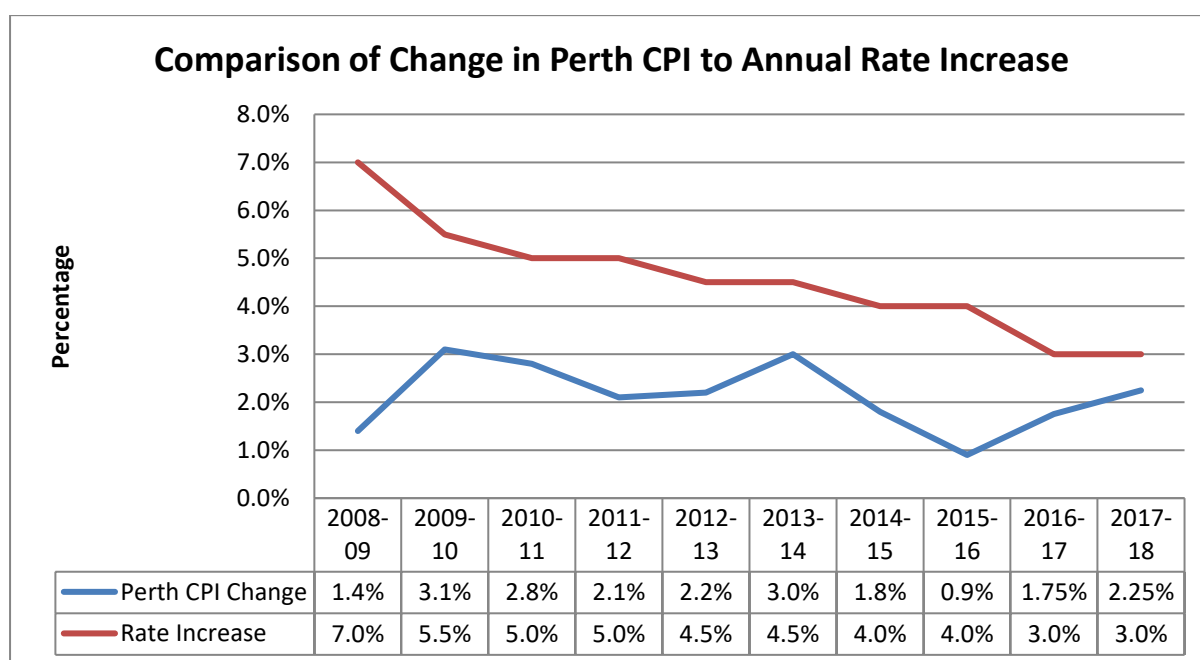
The following table compares the rates in the dollar and minimum payments for the current and previous financial years.

Rate Category	Rate in \$ 2017-18	Rate in \$ 2016-17	Minimum 2017-18	Minimum 2016-17
Residential	10.1900	9.8932	\$1,264	\$1,227
Residential Vacant	19.5206	18.9520	\$1,264	\$1,227
Rural Residential	9.7613	9.4770	\$1,539	\$1,494
Rural Residential Vacant	19.0007	18.4473	\$1,539	\$1,494
Commercial, Industrial, Tourism	12.0698	11.7183	\$1,358	\$1,318
UV Rural	0.4456	0.4544	\$1,418	\$1,377
UV1 One non-rural use	0.5570	0.5680	\$1,418	\$1,377
UV2 Two non-rural uses	0.6684	0.6816	\$1,418	\$1,377
UV3 Over two non-rural uses	0.7798	0.7952	\$1,418	\$1,377
Strata titled vineyard	0.4456	0.4544	\$1,418	\$809
UV Conservation	0.4355	0.4366	\$1,365	\$1,325

The table shows the minimum payment has increased by \$37 for residential property owners, \$40 for commercial property owners and \$41 for rural property owners. This increase equates to about 80 cents per week and 23% of total ratepayers would receive an increase of this magnitude.

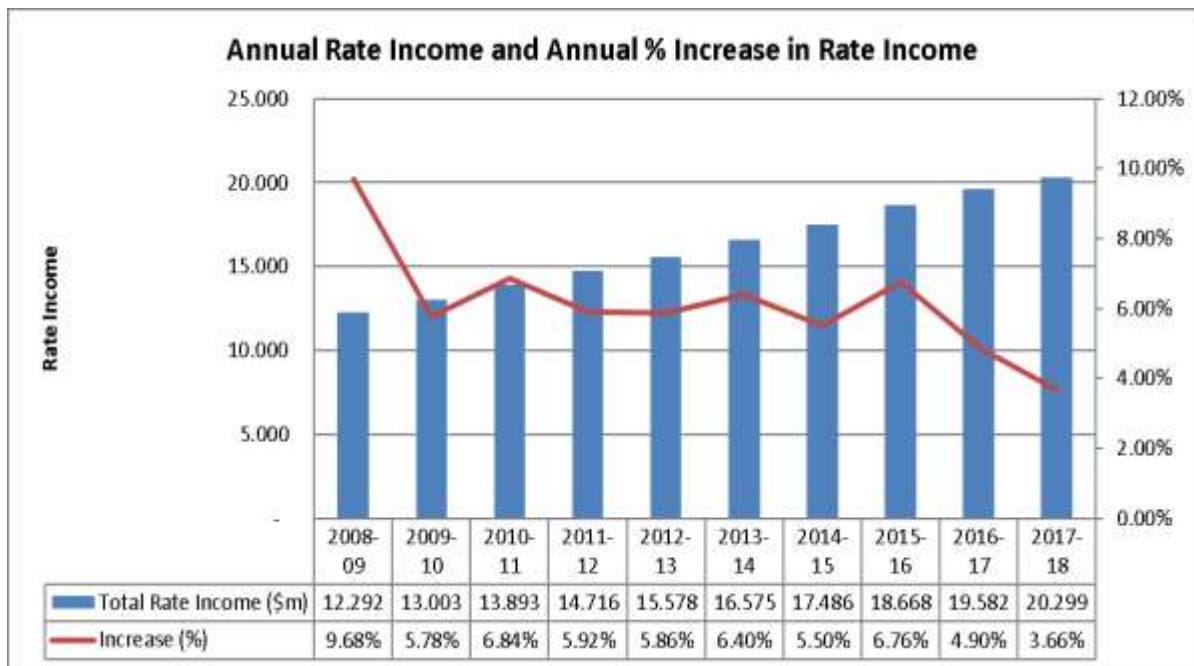
Average rates for ratepayers who are not charged the minimum payment are expected to increase by less than \$1.71 per week for over 70% of total ratepayers.

The following chart compares annual rate increases to the change in the Perth Consumer Price Index<sup>1</sup> and shows the gap is clearly decreasing. Whilst this demonstrates rate increases are becoming more affordable compared to the past, the decline also means that it is becoming increasingly difficult to fund expenditure demands that often increase by greater than CPI.



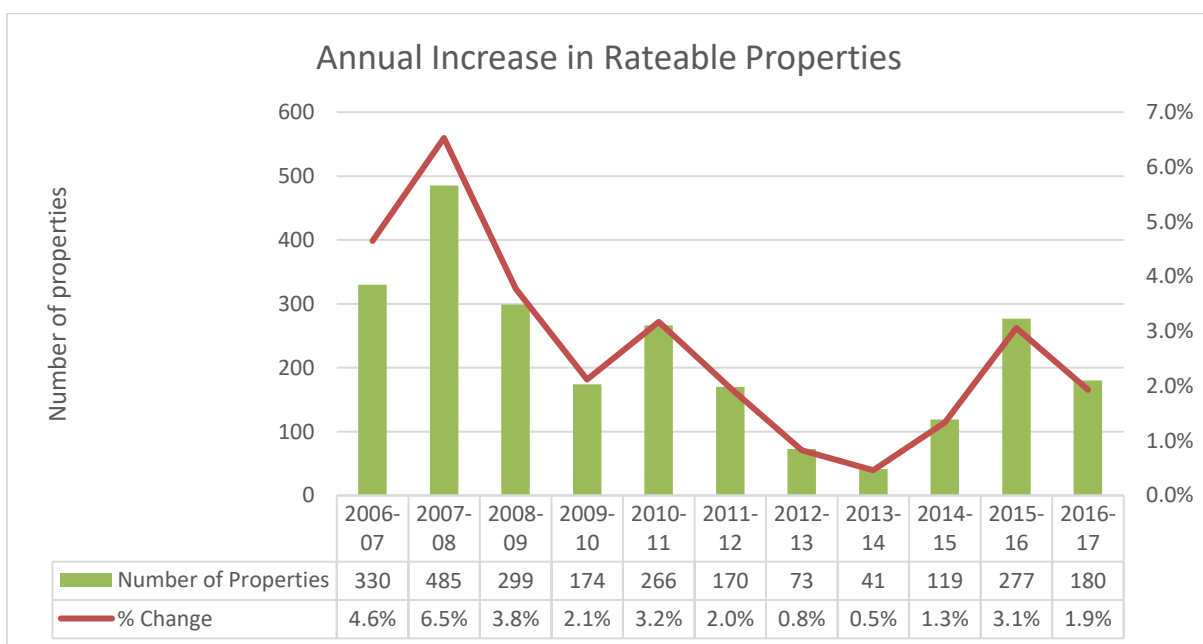
The following chart compares rate revenue raised by year with the annual percentage change in rate revenue and shows the rate of increase for annual rate revenue is generally showing a declining trend and places pressure upon the Shire's revenue forecasts and overall budget.

<sup>1</sup> Source of Perth CPI is the Australian Bureau of Statistics up to 2015-16 and WA Treasury forecasts for 2016-17 and 2017-18.



The overall objective for rating is to achieve equity and consistency between rate categories for similar land uses. For 2017-18 a total of \$20,299,508 is budgeted to be obtained from property rates (including interim and back rates of \$120,000) and represents an increase of 3.66% on rates for 2016-17. The year on year increase in rate revenue for 2016-17 was 4.90%, 2015-16 was 6.76% and 2014-15 was 5.50%. Interim rates raised after residential and commercial properties are developed contributed to the higher annual percentage increases for previous years.

Growth in the number of properties for 2016-17 was lower than the previous year with the property database used to calculate rates for the budget having a total of 9,512 properties compared to 9,332 properties included in the 2016-17 budget. The increase of 180 properties for 2016-17 represents a growth rate of 1.9%. Should the number of properties increase by 200 in 2017-18 the growth rate would be 2.1%.



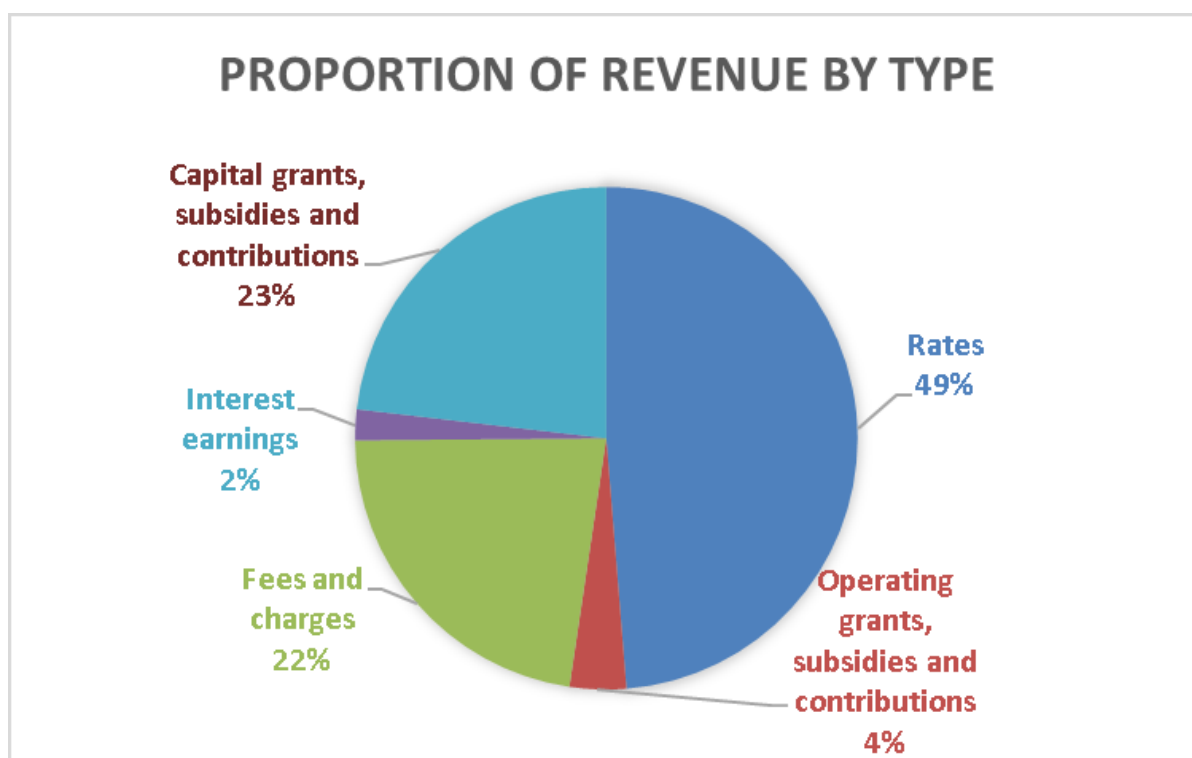
## Fees and Charges

Fees and charges were reviewed to ensure improved cost recovery and in many cases have been increased by up to 3%. Although the growth in the Perth CPI for the period March 2016 to March 2017 was only 1.0% a greater escalation rate was used to be consistent with the increase applied for 2016-17, the assumptions of the Long Term Financial Plan and WA Treasury's forecast of a 2.25% increase in the Perth CPI for 2017-18. Statutory changes to fees and charges for items such as planning fees have also been included.

Council approved the fees and charges for advertising at their meeting on 24 May 2017 and following the statutory public notice period the new fees and charges were adopted by Council on 28 June 2017 for implementation on 1 July 2017.

Total fees and charges are budgeted to be \$9.382 million compared to the 2016-17 budget of \$9.035 million and forecast actual for 2016-17 of \$9.274 million. The major contributors to fees and charges are waste collection and disposal charges and caravan park fees. Growth in the number of and demand for services in these areas has contributed to fees and charges increasing by 3.8% on a budget to budget basis. Forecast actual fees and charges raised for 2016-17 of \$9.274 million exceeded budget predictions due primarily to the growth in these services.

Fees and charges constitute 22% of total budgeted revenue and income from property rates constitutes 49%. 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 ongoing financial sustainability.



For the 2017-18 Budget, fees and charges and property rates comprise 71% of total operating revenue. The large capital expenditure program budgeted for 2017-18, which is

expected to be 36% funded by grants, has contributed to the high proportion of revenue expected to be obtained from capital grants.

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 exceeded 90% and exceeds the advanced standard benchmark set by the Department of Local Government and Communities. For the 2017-18 Budget the ratio is calculated to be 87%.

## Grants

A total of \$11.155 million of operating and capital grants and contributions are included in the budget. This amount is lower than originally anticipated as the Federal government provided an advance payment of 50% of the 2017-18 allocation of the Financial Assistance Grants (FAGs) distributed by the WA Local Government Grants Commission. This advance payment of \$0.677 million was received in June 2017 and is included in the brought forward amount for the 2017-18 Budget. The advance payment distorts comparison of financial results and ratios between years as it inflates operating grants for 2016-17 and understates operating grants for 2017-18.

Other operating grants include the Emergency Services Levy (ESL) operating grants of \$0.280 million for the voluntary SES and Bushfire Brigade services, contributions of \$0.097 million for the Community Emergency Services Manager and Bushfire Risk Management coordinator, and various grants and contributions for specific projects and activities for business units.

\$9.646 million of capital grants and contributions are provided for specific purposes and include:

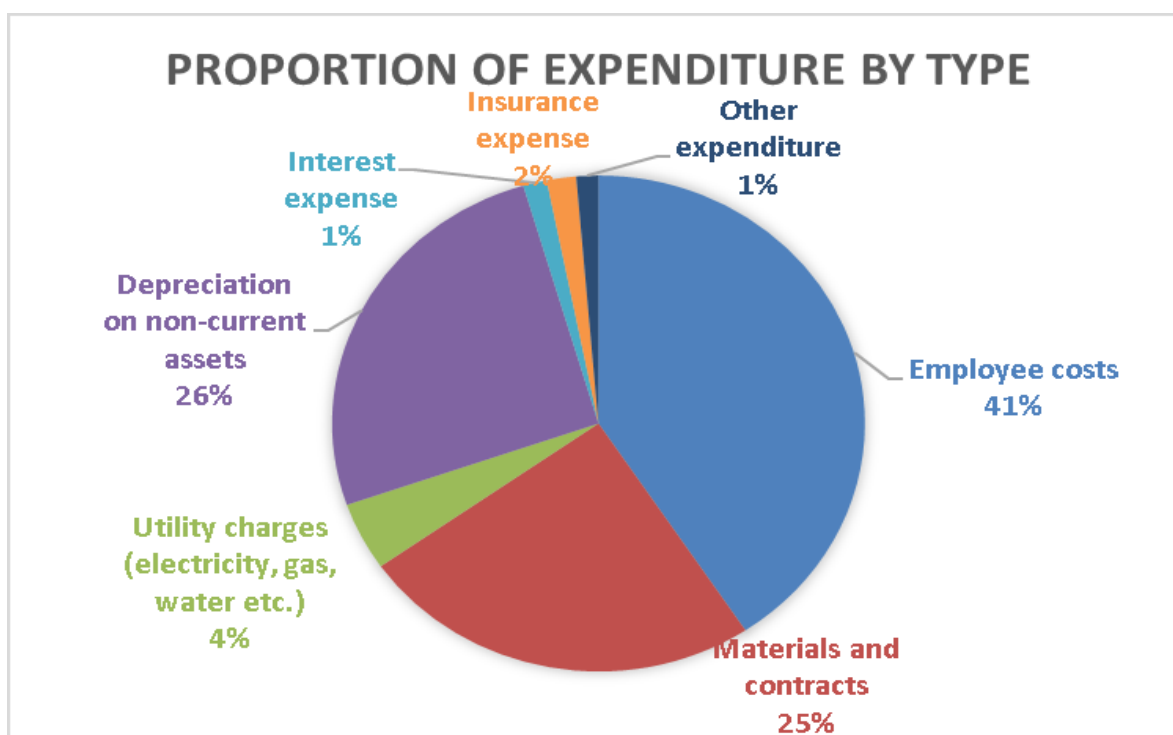
- \$3.200 million for the proposed Cultural Centre redevelopment project;
- \$2.217 million for the Margaret River Youth Precinct project;
- \$0.847 million for replacement SES and bushfire brigade vehicles including two appliances for the Kudardup brigade, as well as grants and contributions for building works for various brigades;
- \$1.240 million from Main Roads WA through the Regional Roads Group for road works primarily on Rosa Brook Road, Carters Road and Rosa Glen Road;
- \$0.911 million from Roads to Recovery for Carters Road, Rosa Glen Road, asphalt overlays and rural reseals is the second last year of this program and as the Shire received an additional allocation in 2016-17 which in effect brought forward the 2018-19 allocation, the funding of future road works will be challenging unless the program is continued;
- \$0.120 million from Lotterywest for the Wadandi track includes \$0.070 million for works completed in 2015-16;
- \$0.229 million in two grants from the Recreational Boating and Facilities Scheme for the Ellis Street boat ramp, finger jetty and boat trailer parking project;
- \$0.332 million from the Department of Sport and Recreation's Community Sport and Recreation Facilities Fund grant for the development of the Lower Western Oval;
- \$0.050 million Coastal Adaptation and Protection Grant for costal erosion works at Gnarabup;

- \$0.032 million through the pool revitalisation program for works at the Margaret River Aquatic Centre;
- \$0.150 million in developer contributions to be transferred to Developer Contributions reserve to fund future works.

### Operating Expenditure

Total operating expenditure of \$34.936 million is budgeted for 2017-18 and compares to the budget and forecast actual for 2016-17 of \$34.343 million and \$33.923 million respectively with the increases being 1.7% and 3% year on year.

The following chart provides a breakdown of operating expenditure and shows that employee costs are the Shire's largest expenditure item with materials and contracts and depreciation being the next largest. Depreciation as a proportion of expenditure has increased to 26% from 24% compared to the 2016-17 Budget while employee costs are steady at 41% and materials and contracts (26% last year) has reduced slightly.



The fair value revaluation of the Shire's fixed assets has resulted in asset values increasing and accordingly the annual allocation of depreciation has also increased. 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 2016 their value had increased to \$373.864 million or an increase of 97%. With the addition of capital expenditure for 2016-17 and the land and buildings revaluation for the year this balance is expected to increase at 30 June 2017. Over the same timeframe depreciation has increased from \$5.587 million or 20% of operating expenditure in 2011-12 to the proposed \$9.047 million or 26% of operating expenditure in 2017-18.

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

## Employee Costs

The Shire has budgeted for a workforce of 168.2 full time equivalent (FTE) staff in 2017-18 compared to 167.4 FTE last year. The main reasons for the increase of 0.8 FTEs are:

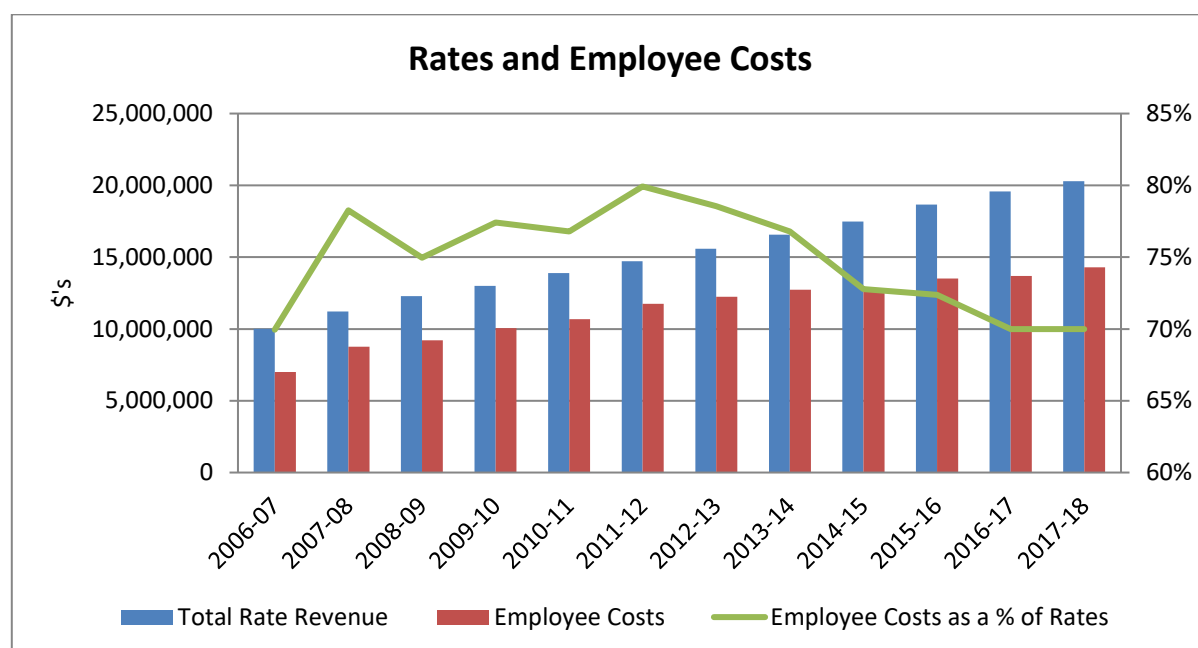
- 1 FTE Economic Development Officer that has been included in the Shire's Workforce Plan and is budgeted to commence midway through the financial year;
- 0.7 FTE for Alexandra Bridge Camping Ground camp host has been removed as this role is being undertaken by staff from the Shire's caravan parks; and
- 0.5 FTE for the possible continuation of a contract Community Ranger during peak times.

Labour cost increases have been restricted to the across the board wage increase of 2.5% contained in the Shire's 2016 Enterprise Agreement and performance based increases of 2% for eligible employees. The Shire has also budgeted for a full workforce complement and has not included a vacancy rate as it is not possible to forecast expected vacancies and their duration.

On a budget to budget basis total employee costs included in operating expenditure are expected to increase from \$14.100 million to \$14.295 million or by 1.4%. This percentage increase confirms that growth in employee costs is being restrained.

Total employee expenses for 2016-17 are expected to be under budget by 3% as a result of staff vacancies, including a number of positions taking longer to fill than expected, extended leave, under budget training, superannuation, workers compensation and Fringe Benefits Tax. Consequently, the percentage increase from the forecast 2016-17 actual to 2017-18 budget of 4.7% is higher than the budget to budget increase.

The following chart compares operating employee costs and rates and shows that for 2017-18 budgeted operating employee costs constitute approximately 70% of budgeted rates and is the same ratio as 2016-17.



Further information on the Shire's Workforce is included in the Workforce Plan Budget update for 2017-18 which is included within this budget document. This update includes

details of the key workforce changes for the 2017-18 budget as well as other information such as the Shire's Organisational Structure.

### Capital Works Programme

\$25.480 million has been allocated towards capital works and the following table provides a breakdown of the type of expenditure and the source of funding.

<b>Capital Expenditure and Funding Source</b>	<b>\$</b>	<b>%</b>
Asset Renewal Expenditure	13,896,548	54.5%
New Assets	3,819,129	15.0%
Asset Upgrades	7,763,861	30.5%
Total Capital Expenditure	25,479,538	
Funded by:		
General Revenue	5,462,740	21.5%
Reserves	4,283,674	16.8%
Grants	9,251,626	36.3%
Loans	2,450,000	9.6%
Asset Sale Proceeds	1,101,000	4.3%
Previous Period Funding (carry overs)	2,930,498	11.5%

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

New asset expenditure proposed for the year includes:

- construction of chalets at Turner Caravan Park (\$920,000) which will be funded from reserves;
- continuation of the Flinders Bay to Cape Leeuwin Lighthouse Trail (\$470,000);
- extension of the Wadandi track (\$100,000) which is expected to be partly funded by a Lotterywest grant;
- the construction of a possible third waste cell at the Davis Road landfill site (\$300,000); and
- the development of the Lower Western Oval (\$1,154,000) which is funded from reserves, a CSRFF grant and Shire funds.

Major asset upgrade projects which also include an asset renewal component are the Margaret River Youth Precinct project (\$3.063 million) and the Cultural Centre redevelopment (\$5.129 million). Both of these major projects are funded by a combination of grants, community contributions, reserves, loans and general revenue.

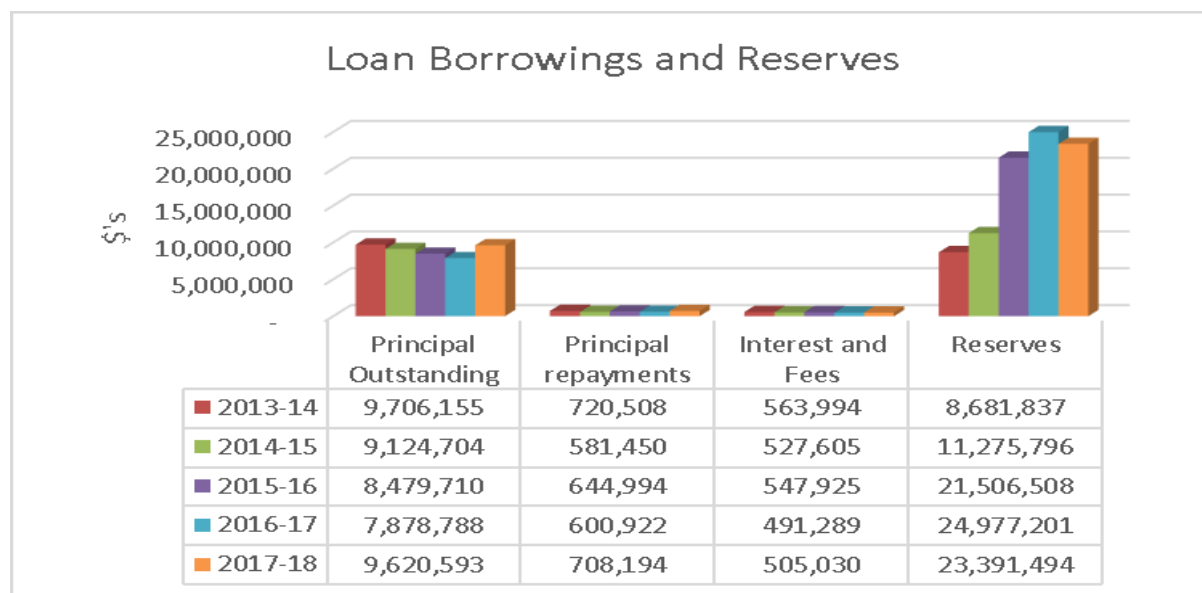
Other asset upgrade projects include works to the Gracetown, Cowaramup, Kudardup and Rosa Brook Bushfire Brigade sheds, the Margaret Rivermouth toilet block, the Fearn Avenue toilet block, west Cowaramup public open space, drainage and paths. \$0.150 million has been carried over from 2016-17 for the redevelopment of the Margaret River main street to fund the continuation of design, project planning and procurement with construction works not expected to commence until 2018-19.

The majority of road and related infrastructure projects have been categorised as asset renewal expenditure as the scheduled works have the objective of restoring service levels. \$4.672 million is allocated to road and infrastructure preservation works with the majority of road works funded by the Federal Government's Roads to Recovery program and the State Government's Regional Road Group grants administered through Main Roads WA. The \$0.911 million Roads to Recovery grant is the fourth year of funding from the five year programme allocation of \$4.171 million. However, there is limited funding remaining in the programme as the Shire's 2016-17 grant was increased by \$0.451 million by bringing forward funds from 2018-19.

Details of each capital project and their proposed funding source are included in the supplementary information to the budget.

### Loan Borrowings

The following chart compares loan principal outstanding, principal and interest repayments, and reserve balances since 2013-14. Whilst principal and interest repayments have remained generally stable, principal outstanding has been declining. Loan principal outstanding is expected to increase in 2017-18 due to three loans proposed to be drawn down during the year. Loans of \$1.100 million for the Cultural Centre project, \$0.350 million for the Margaret River Youth Precinct and \$1.000 million for the removal and replacement of asbestos on community buildings are to be drawn down. The terms and budgeted fixed interest rates for the loans are 15 years and 3.79%, 10 years and 3.27% and 10 years and 3.27% respectively. Repayment of the loans for the Cultural Centre and Youth Precinct will be drawn from the Developer Contributions reserve as the need for these upgraded facilities is being driven by the growth in the Shire.



### Reserves

The forecast balance of reserves at 30 June 2017 of \$24.977 million exceeded budget expectations due to a number of factors including project and equipment purchase delays resulting in funds not being drawn down as expected and unspent funds for waste management being transferred to reserves.

For 2017-18 transfers from reserves of \$4.333 million are expected for various projects including the Lower Western Oval (\$0.625 million), Turner Caravan Park chalets and electrical works (\$1.080 million), replacement of mobile plant and equipment (\$1.225 million), Cultural Centre redevelopment (\$0.829 million), Margaret River Youth Precinct (\$0.340 million) and the Flinders Bay to Cape Leeuwin Path (\$0.120 million).

Transfers to reserves are expected to total \$2.748 million of which \$0.428 million is interest earned, \$0.150 million are expected developer contributions to be received, \$1.035 million are expected property sale proceeds, \$0.200 million is to be transferred to the Plant Replacement reserve and \$900,000 is to be transferred to the Waste Management reserve.

As transfers from reserves exceed transfers to reserves the forecast balance of reserves is expected to reduce to \$23.391 million. Should all budgeted reserve transfers occur the Shire's most significant reserves would be:

- Waste Management reserve with \$8.142 million;
- Margaret River CBD Redevelopment reserve with \$7.596 million;
- Community Facility reserve with \$1.925 million;
- Infrastructure Contributions reserve with \$1.515 million;
- Plant Replacement reserve with \$0.822 million; and
- Developer Contributions reserve with \$0.743 million.

**SHIRE OF AUGUSTA MARGARET RIVER**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Revenue</b>				
Rates	8	20,299,508	19,582,298	19,342,075
Operating grants, subsidies and contributions	15	1,509,315	3,129,433	2,028,505
Fees and charges	14	9,382,506	9,274,115	9,035,549
Service charges	11	4,333	4,323	4,333
Interest earnings	2(a)	824,191	968,544	810,705
Other revenue	2(a)	26,500	71,204	16,500
		<u>32,046,353</u>	<u>33,029,917</u>	<u>31,237,667</u>
<b>Expenses</b>				
Employee costs		(14,294,716)	(13,656,154)	(14,100,468)
Materials and contracts		(8,616,475)	(7,270,068)	(9,064,244)
Utility charges		(1,211,290)	(1,150,084)	(1,180,543)
Depreciation on non-current assets	2(a)	(9,046,640)	(8,805,609)	(8,209,428)
Interest expenses	2(a)	(505,030)	(493,411)	(502,557)
Insurance expenses		(627,699)	(605,141)	(620,743)
Other expenditure		(469,472)	(456,760)	(456,354)
		<u>(34,771,322)</u>	<u>(32,437,227)</u>	<u>(34,134,337)</u>
		(2,724,969)	592,690	(2,896,670)
Non-operating grants, subsidies and contributions				
	15	9,645,626	4,408,380	9,556,764
Profit on asset disposals	6	13,023	42,817	40,498
Loss on asset disposals	6	(164,345)	(1,485,558)	(208,968)
Gain/(Loss) on Investments		0	151,095	0
Loss on revaluation of non current assets		0	0	0
<b>Net result</b>		<u><b>6,769,335</b></u>	<u><b>3,709,424</b></u>	<u><b>6,491,624</b></u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></u>
<b>Total comprehensive income</b>		<u><u><b>6,769,335</b></u></u>	<u><u><b>3,709,424</b></u></u>	<u><u><b>6,491,624</b></u></u>

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

**SHIRE OF AUGUSTA MARGARET RIVER**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Revenue (refer notes 1,2,8,10 to 15)</b>				
Governance		362,560	603,829	357,668
General purpose funding		21,982,432	22,935,496	21,717,207
Law, order, public safety		590,401	832,785	626,357
Health		110,965	110,417	104,788
Education and welfare		305,500	325,641	283,379
Community amenities		4,934,451	4,960,649	4,714,198
Recreation and culture		1,247,320	1,054,297	1,051,250
Transport		134,200	148,528	124,200
Economic services		2,358,524	2,173,954	2,218,620
Other property and services		20,000	35,415	40,000
		<u>32,046,353</u>	<u>33,181,011</u>	<u>31,237,667</u>
<b>Expenses excluding finance costs (refer notes 1, 2 &amp; 16)</b>				
Governance		(6,874,989)	(6,211,492)	(6,647,929)
General purpose funding		(1,037,478)	(894,830)	(892,977)
Law, order, public safety		(1,777,183)	(1,816,072)	(1,694,733)
Health		(548,649)	(533,568)	(549,426)
Education and welfare		(343,658)	(399,462)	(306,864)
Community amenities		(3,932,313)	(3,081,745)	(4,254,066)
Recreation and culture		(8,457,907)	(7,867,060)	(8,256,247)
Transport		(9,612,981)	(9,472,392)	(9,434,869)
Economic services		(1,582,072)	(1,285,378)	(1,500,336)
Other property and services		(99,062)	(381,816)	(94,333)
		<u>(34,266,292)</u>	<u>(31,943,815)</u>	<u>(33,631,780)</u>
<b>Finance costs (refer notes 2 &amp; 7)</b>				
Governance		(344,634)	(361,754)	(358,887)
Community amenities		(5,431)	(7,468)	(8,086)
Recreation and culture		(108,776)	(75,614)	(84,249)
Economic services		(46,189)	(48,575)	(51,335)
		<u>(505,030)</u>	<u>(493,411)</u>	<u>(502,557)</u>
		<u>(2,724,969)</u>	<u>743,785</u>	<u>(2,896,670)</u>
Non-operating grants, subsidies and contributions	15	9,645,626	4,408,380	9,556,764
Profit on disposal of assets	6	13,023	42,817	40,498
(Loss) on disposal of assets	6	(164,345)	(1,485,558)	(208,968)
Loss on revaluation of non current assets		0	0	0
		<u>9,494,304</u>	<u>2,965,639</u>	<u>9,388,294</u>
<b>Net result</b>		<b>6,769,335</b>	<b>3,709,424</b>	<b>6,491,624</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b><u>6,769,335</u></b>	<b><u>3,709,424</u></b>	<b><u>6,491,624</u></b>

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

**SHIRE OF AUGUSTA MARGARET RIVER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>NOTE</b>	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>	<b>2016/17 Budget \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		20,349,508	19,551,172	19,242,075
Operating grants, subsidies and contributions		1,909,315	2,788,209	2,008,505
Fees and charges		9,382,506	9,274,115	9,035,549
Service charges		4,333	4,323	4,333
Interest earnings		824,191	968,544	810,705
Goods and services tax		300,000	(367,764)	
Other revenue		26,500	222,299	16,500
		<u>32,796,353</u>	<u>32,440,898</u>	<u>31,117,667</u>
<b>Payments</b>				
Employee costs		(14,394,716)	(14,135,790)	(14,460,468)
Materials and contracts		(8,979,375)	(6,112,035)	(8,788,515)
Utility charges		(1,211,290)	(1,150,084)	(1,180,543)
Interest expenses		(495,030)	(482,608)	(472,557)
Insurance expenses		(627,699)	(605,141)	(620,743)
Goods and services tax		0	0	
Other expenditure		(469,472)	(456,760)	(456,354)
		<u>(26,177,582)</u>	<u>(22,942,418)</u>	<u>(25,979,180)</u>
<b>Net cash provided by (used in) operating activities</b>	3(b)	<u>6,618,771</u>	<u>9,498,480</u>	<u>5,138,487</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(12,148,255)	(2,843,561)	(9,678,223)
Payments for construction of infrastructure	5	(13,331,283)	(5,737,363)	(10,807,336)
Non-operating grants, subsidies and contributions used for the development of assets	15	9,645,626	4,408,380	9,556,764
Proceeds from sale of plant & equipment	6	2,136,000	472,384	644,153
<b>Net cash provided by (used in) investing activities</b>		<u>(13,697,912)</u>	<u>(3,700,160)</u>	<u>(10,284,642)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	7	(708,194)	(600,922)	(600,922)
Advances to community groups		(5,200)	0	0
Proceeds from interest free & self supporting loans		12,700	21,386	15,386
Proceeds from new borrowings	7	2,450,000	0	1,450,000
<b>Net cash provided by (used in) financing activities</b>		<u>1,749,306</u>	<u>(579,536)</u>	<u>864,464</u>
<b>Net increase (decrease) in cash held</b>		<u>(5,329,835)</u>	<u>5,218,784</u>	<u>(4,281,691)</u>
Cash at beginning of year		<u>30,008,061</u>	<u>24,790,348</u>	<u>24,648,736</u>
<b>Cash and cash equivalents at the end of the year</b>	3(a)	<u><u>24,678,226</u></u>	<u><u>30,009,132</u></u>	<u><u>20,367,045</u></u>

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 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	4	4,041,229	2,242,226	2,187,703
		<b>4,041,229</b>	<b>2,242,226</b>	<b>2,187,703</b>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		362,560	603,829	357,668
General purpose funding		1,682,924	3,353,198	2,375,132
Law, order, public safety		590,401	832,785	626,357
Health		110,965	110,417	104,788
Education and welfare		305,500	325,641	283,379
Community amenities		4,934,451	4,960,649	4,714,198
Recreation and culture		1,247,320	1,078,772	1,051,250
Transport		147,223	166,870	164,698
Economic services		2,358,524	2,173,954	2,218,620
Other property and services		20,000	35,415	40,000
		<b>11,759,868</b>	<b>13,641,530</b>	<b>11,936,090</b>
<b>Expenditure from operating activities</b>				
Governance		(7,219,624)	(6,573,246)	(7,006,816)
General purpose funding		(1,037,478)	(894,830)	(892,977)
Law, order, public safety		(1,777,183)	(2,871,658)	(1,694,733)
Health		(548,649)	(533,568)	(549,426)
Education and welfare		(343,658)	(399,462)	(306,864)
Community amenities		(3,937,744)	(3,089,213)	(4,262,152)
Recreation and culture		(8,566,683)	(8,119,802)	(8,340,496)
Transport		(9,718,326)	(9,484,744)	(9,463,837)
Economic services		(1,628,261)	(1,333,953)	(1,551,671)
Other property and services		(158,062)	(622,310)	(274,333)
		<b>(34,935,668)</b>	<b>(33,922,786)</b>	<b>(34,343,305)</b>
<b>Operating activities excluded from budget</b>				
(Profit) on asset disposals	6	(13,023)	(42,817)	(40,498)
Loss on disposal of assets	6	164,345	1,485,558	208,968
Depreciation on assets	2(a)	9,046,640	8,805,609	8,209,428
Movement in employee benefit provisions (non-current)		0	0	0
<b>Amount attributable to operating activities</b>		<b>(9,936,609)</b>	<b>(7,790,680)</b>	<b>(11,841,614)</b>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	15	9,645,626	4,408,380	9,556,764
Purchase property, plant and equipment	5	(12,148,255)	(2,843,561)	(9,678,223)
Purchase and construction of infrastructure	5	(13,331,283)	(5,737,363)	(10,807,336)
Proceeds from disposal of assets	6	2,136,000	472,384	644,153
<b>Amount attributable to investing activities</b>		<b>(13,697,912)</b>	<b>(3,700,160)</b>	<b>(10,284,642)</b>
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	7	(708,194)	(600,922)	(600,922)
Proceeds from new borrowings	7	2,450,000	0	1,450,000
Proceeds from interest free and self supporting loans		12,700	21,386	15,386
Advances to Community Groups		(5,200)	0	0
Transfers to cash backed reserves (restricted assets)	9	(2,747,795)	(4,399,431)	(1,041,129)
Transfers from cash backed reserves (restricted assets)	9	4,333,502	928,738	2,960,846
<b>Amount attributable to financing activities</b>		<b>3,335,013</b>	<b>(4,050,229)</b>	<b>2,784,181</b>
<b>Budgeted deficiency before general rates</b>		<b>(20,299,508)</b>	<b>(15,541,069)</b>	<b>(19,342,075)</b>
<b>Estimated amount to be raised from general rates</b>	8	<b>20,299,508</b>	<b>19,582,298</b>	<b>19,342,075</b>
<b>Net current assets at end of financial year - surplus/(deficit)</b>	4	<b>0</b>	<b>4,041,229</b>	<b>0</b>

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

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

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

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

**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.

**The local government reporting eEntity**

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 17 to the budget.

**(b) 2016/17 actual balances**

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

**(c) Rounding off figures**

All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.

**(d) Comparative figures**

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

**(e) 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.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Forecast fair value adjustments**

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

**(g) Rates, grants, donations and other contributions**

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

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

**(h) 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.

**(i) 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.

**(j) 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 4 - Net Current Assets.

**(k) 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.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(l) 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.

***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.

**(m) Fixed assets**

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

***Mandatory requirement to revalue non-current assets***

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations* were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire of Augusta Margaret River commenced the process of adopting fair value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at fair value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire of Augusta Margaret River revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

***Initial recognition and measurement between mandatory revaluation dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire of Augusta Margaret River includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Fixed assets (continued)**

***Revaluation***

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land under roads***

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Fixed assets (continued)**

**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.

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

Buildings	up to 50 years
Furniture and Equipment	up to 10 years
Plant and Equipment	up to 20 years
Sealed roads and streets	
formation	not depreciated
pavement	up to 50 years
seal	
- bituminous seals	up to 20 years
- asphalt surfaces	up to 20 years
Gravel roads	
formation	not depreciated
pavement	up to 50 years
gravel sheet	
Formed roads	
formation	not depreciated
pavement	up to 50 years
Paths - concrete	up to 40 years
Paths - asphalt	up to 20 years
Bridges	up to 50 years
Carparks (sealed)	up to 40 years
Culverts	up to 50 years
Drainage systems	up to 80 years
Jetties and boatramps	up to 30 years
Waste management	up to 40 years
Public utilities	up to 40 years
Parks and Ovals (infrastructure)	up to 50 years
Playground equipment	up to 10 years

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

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

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

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Fair value of assets and liabilities**

When performing a revaluation, the Shire of Augusta Margaret River uses a mix of both independent and management valuations using the following as a guide:

Fair value is the price that the Shire of Augusta Margaret River would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

***Fair value hierarchy***

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

***Valuation techniques***

The Shire of Augusta Margaret River selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire of Augusta Margaret River are consistent with one or more of the following valuation approaches:

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Fair value of assets and liabilities (continued)**

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire of Augusta Margaret River gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

**(o) Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Shire of Augusta Margaret River becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire of Augusta Margaret River commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Financial instruments (continued)**

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**(i) *Financial assets at fair value through profit and loss***

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

**(ii) *Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

**(iii) *Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire of Augusta Margaret River management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

**(iv) *Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

**(v) *Financial liabilities***

Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Financial instruments (continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire of Augusta Margaret River no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(p) Impairment of assets**

In accordance with Australian Accounting Standards the Shire of Augusta Margaret River assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Impairment of assets (continued)**

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

**(q) 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.

**(r) 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.

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire of Augusta Margaret River's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire of Augusta Margaret River does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) 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.

**(t) Provisions**

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

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

**(u) Leases**

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

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

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

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

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

**(v) Investment in associates**

An associate is an entity over which the Shire of Augusta Margaret River has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire of Augusta Margaret River's share of net assets of the associate. In addition, the Shire of Augusta Margaret River's share of the profit or loss of the associate is included in the

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire of Augusta Margaret River's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) Investment in associates (continued)**

Profits and losses resulting from transactions between the Shire of Augusta Margaret River and the associate are eliminated to the extent of the Shire of Augusta Margaret River's interest in the associate.

When the Shire of Augusta Margaret River's share of losses in an associate equals or exceeds its interest in the associate, the Shire of Augusta Margaret River discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire of Augusta Margaret River will resume recognising its share of these profits once its share of the profits equals the share of the losses not recognised.

**(x) 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. Refer to note 1(o) for a description of the equity method of accounting.

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 would be included in the respective line items of Note 19 if it was party to a Joint Venture Agreement.

**(y) Current and non-current classification**

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

**SHIRE OF AUGUSTA MARGARET RIVER**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>2. REVENUES AND EXPENSES</b>			
(a) <b>Net result</b>			
The net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
Audit services	35,500	33,775	30,400
Other services	8,000	2,200	7,000
<b>Depreciation by program</b>			
Governance	36,720	31,204	41,220
General purpose funding	0		
Law, order, public safety	489,600	464,924	276,000
Health	4,320	3,986	4,320
Education and welfare	4,200	3,614	2,820
Housing	0		0
Community amenities	84,000	79,173	68,400
Recreation and culture	2,032,800	1,958,858	1,914,468
Transport	5,513,000	5,430,053	5,283,000
Economic services	108,000	100,736	103,200
Other property and services	774,000	733,061	516,000
	<u>9,046,640</u>	<u>8,805,609</u>	<u>8,209,428</u>
<b>Depreciation by asset class</b>			
Land and buildings	1,286,400	717,828	720,000
Furniture and equipment	108,240	5,348	13,200
Plant and equipment	1,371,600	2,655,100	2,196,228
Roads	5,510,000	5,427,333	5,280,000
Parks and reserves	122,400	0	0
Waste management facilities	648,000	0	0
	<u>9,046,640</u>	<u>8,805,609</u>	<u>8,209,428</u>
<b>Interest expenses (finance costs)</b>			
- Borrowings (refer note 7(a))	505,030	493,411	502,557
	<u>505,030</u>	<u>493,411</u>	<u>502,557</u>
(ii) Crediting as revenues:			
<b>Interest earnings</b>			
Investments			
- Reserve funds	390,000	342,988	388,575
- Margaret River Main Street OCDF	78,000	80,274	90,000
- Other funds	138,400	294,148	144,000
Interest Received Self Supporting Loans	291	630	630
Other interest revenue (refer note 12)	217,500	250,504	187,500
	<u>824,191</u>	<u>968,544</u>	<u>810,705</u>
(iii) <b>Other revenue</b>			
Reimbursements and recoveries			
Other	26,500	71,204	16,500
	<u>26,500</u>	<u>71,204</u>	<u>16,500</u>

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of objective**

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.

**COMMUNITY VISION**

Our Vision "A prosperous and connected community that values its natural environment and character as it grows sustainably into the future."

Our Mission "To protect the natural environment, strengthen our communities, foster local economic prosperity, and responsibly manage the community's infrastructure and assets."

Our Values are Respect, Honesty, Commitment and Courage.

**GOVERNANCE**

**Objective:**

To provide a decision making process for the efficient allocation of scarce resources.

**Activities:**

Administration and operation of facilities and services to members of Council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer and environmentally conscious community.

**Activities:**

Supervision of various by-laws, fire prevention, emergency services and animal control.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Food quality and pest control, immunisation services, inspection of abattoir and operation of child health clinics.

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

Care of families and children, contributions to education and other welfare.

**HOUSING**

**Objective:**

To provide staff and rental housing.

**Activities:**

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

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Rubbish collection and disposal services, recycling, septic tank inspection services, environmental protection initiatives, administration of town planning and regional development services and the operation of other community amenities.

**RECREATION AND CULTURE**

**Objective:**

To establish and manage infrastructure and resources which assist community social well-being.

**Activities:**

Provision and maintenance of halls, swimming areas, recreation and sporting areas, reserves, re-broadcasting services, libraries, museums and other cultural activities.

**TRANSPORT**

**Objective:**

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

**Activities:**

Construction and maintenance of streets, roads, bridges, drainage works, footpaths, parking, traffic control, aerodromes and water transport facilities.

**ECONOMIC SERVICES**

**Objective:**

To help promote the Shire and its economic wellbeing.

**Activities:**

Maintenance and operation of caravan parks and a camping ground, building control services.

**OTHER PROPERTY & SERVICES**

**Objective:**

To monitor and control overhead operating accounts.

**Activities:**

Private works operations, general administration overheads, public works overheads, plant operating costs and any other unclassified items.

**SHIRE OF AUGUSTA MARGARET RIVER**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**3. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of cash**

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

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>	<b>2016/17 Budget \$</b>
Cash - unrestricted	1,286,732	5,030,860	1,180,254
Cash - restricted	23,391,494	24,977,201	19,186,791
	<u>24,678,226</u>	<u>30,008,061</u>	<u>20,367,045</u>

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

Staff Leave Reserve	404,806	396,869	399,326
Margaret River CBD Redevelopment	7,595,995	6,697,946	6,706,336
Augusta Revitalisation Reserve	120,000	0	0
Public Open Space Reserve	90,078	225,567	83,492
Caravan Park Upgrade Reserve	468,504	1,518,141	857,540
Limesand Pits Reserve	63,622	62,375	62,866
Cemeteries Reserve	10,769	10,558	10,521
Community Loan Reserve	176,244	170,805	165,760
Cedarvale Reserve	229,901	225,393	226,789
Waste Management Reserve	8,141,674	7,133,988	4,806,425
Parking Reserve	154,547	151,517	152,455
Infrastructure Contributions Reserve	1,514,762	1,478,615	1,769,445
Biodiversity Reserve	10,391	10,187	10,000
Community Facility Reserve	1,925,331	3,390,521	1,888,679
Plant Reserve	821,572	1,810,035	616,439
Affordable Housing Fund Reserve	16,442	60,238	1,516
Gravel Pits Reserve	375,732	368,365	370,645
Self Insurance Reserve	268,281	263,021	264,649
Recreation Centres Reserve	21,100	15,784	7,112
Old Settlement Reserve	30,431	29,834	30,019
Developer Contributions Reserve	743,372	753,453	680,287
Community Grants Reserve	35,954	15,641	27,265
Augusta Recreation Reserves	0	0	0
Emergency Services Reserve	169,326	188,348	49,225
Roads Reserve	0	0	0
Youth Facilities Reserve	2,660	0	0
	<u>23,391,494</u>	<u>24,977,201</u>	<u>19,186,791</u>

**(b) Reconciliation of net cash provided by operating activities to net result**

Net result	6,769,335	3,709,424	6,491,624
Depreciation	9,046,640	8,805,609	8,209,428
(Profit)/loss on sale of asset	151,322	1,442,741	168,470
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	750,000	(740,114)	(120,000)
(Increase)/decrease in inventories	(50,000)	227,145	10,000
Increase/(decrease) in payables	(292,900)	543,214	(284,271)
Increase/(decrease) in employee provisions	(110,000)	(81,159)	220,000
Grants/contributions for the development of assets	(9,645,626)	(4,408,380)	(9,556,764)
<b>Net cash from operating activities</b>	<u>6,618,771</u>	<u>9,498,480</u>	<u>5,138,487</u>

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**3. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)**

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>	<b>2016/17 Budget \$</b>
<b>(c) Undrawn borrowing facilities</b>			
<b>credit standby arrangements</b>			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	34,000	34,000	34,000
Credit card balance at balance date	0	0	0
<b>Total amount of credit unused</b>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
 <b>Loan facilities</b>			
Loan facilities in use at balance date	<u>9,620,595</u>	<u>7,878,789</u>	<u>9,328,788</u>
 Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	<b>Note</b>	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>
<b>4. NET CURRENT ASSETS</b>			

**Composition of estimated net current assets**

**Current assets**

Cash - unrestricted	3(a)	1,286,732	5,030,860
Cash - restricted reserves	3(a)	23,391,494	24,977,201
Receivables		963,628	1,716,394
Inventories		141,789	91,789
		<u>25,783,643</u>	<u>31,816,244</u>

**Less: current liabilities**

Trade and other payables		(2,382,215)	(2,688,580)
Short term borrowings		0	0
Long term borrowings		(758,194)	(708,194)
Provisions		(1,551,012)	(1,661,012)
		<u>(4,691,421)</u>	<u>(5,057,786)</u>

**Unadjusted net current assets**

**21,092,222      26,758,458**

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

**Adjustments**

Less: Cash - restricted reserves	3(a)	(23,391,494)	(24,977,201)
Less: Land held for resale		0	0
Less: Current loans - clubs / institutions		(9,934)	(12,700)
Add: Current portion of borrowings		758,194	708,194
Add: Current liabilities not expected to be cleared at end of year		1,551,012	1,564,478
<b>Adjusted net current assets - surplus/(deficit)</b>		<u><u>0</u></u>	<u><u>4,041,229</u></u>

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**5. ACQUISITION OF ASSETS**

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

Asset class	Reporting program											2017/18 Budget total \$	2016/17 Actual total \$
	Governance \$	General purpose funding \$	Law, order, public safety \$	Health \$	Education and welfare \$	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$	Economic services \$	Other property and services \$		
<u>Property, Plant and Equipment</u>													
Land and buildings			308,887		5,000			6,924,000	206,000	1,195,000		8,638,887	1,147,549
Furniture and equipment	103,000						50,000				10,000	163,000	52,735
Plant and equipment			594,600					400,000	2,351,768			3,346,368	1,643,277
	<b>103,000</b>	<b>0</b>	<b>903,487</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>50,000</b>	<b>7,324,000</b>	<b>2,557,768</b>	<b>1,195,000</b>	<b>10,000</b>	<b>12,148,255</b>	<b>2,843,561</b>
<u>Infrastructure</u>													
Roads									3,585,000			3,585,000	3,460,461
Paths									1,489,700			1,489,700	386,444
Drainage									480,000			480,000	562,564
Parks and reserves	3,063,333		63,220		6,500			2,620,530				5,753,583	502,362
Road Bridges									500,000			500,000	131,576
Car Parks									140,000			140,000	80,814
Caravan and camping										379,500		379,500	108,131
Aerodromes									15,000			15,000	7,402
Boat ramps & jetties									363,500			363,500	158,562
Waste management facilities							625,000					625,000	339,047
Public utilities													0
	<b>3,063,333</b>	<b>0</b>	<b>63,220</b>	<b>0</b>	<b>6,500</b>	<b>0</b>	<b>625,000</b>	<b>2,620,530</b>	<b>6,573,200</b>	<b>379,500</b>	<b>0</b>	<b>13,331,283</b>	<b>5,737,363</b>
<u>Land Held for Resale</u>													
Land held for resale													0
<b>Total acquisitions</b>	<b>3,166,333</b>	<b>0</b>	<b>966,707</b>	<b>0</b>	<b>11,500</b>	<b>0</b>	<b>675,000</b>	<b>9,944,530</b>	<b>9,130,968</b>	<b>1,574,500</b>	<b>10,000</b>	<b>25,479,538</b>	<b>8,580,924</b>

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

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**6. DISPOSALS OF ASSETS**

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

**By Program**

	<b>Net book value \$</b>	<b>Sale proceeds \$</b>	<b>2017/18 Budget</b>		<b>2016/17 Actual</b>		<b>2016/17 Budget</b>	
			<b>Profit \$</b>	<b>Loss \$</b>	<b>Profit \$</b>	<b>Loss \$</b>	<b>Profit \$</b>	<b>Loss \$</b>
Law,order, public safety		0	0	0	0	(1,055,586)	0	0
Recreation and culture		0	0	0	24,475	(177,128)	0	0
Transport	583,322	491,000	13,023	(105,345)	18,342	(12,350)	40,498	(28,968)
Other property and services	1,704,000	1,645,000	0	(59,000)	0	(240,494)	0	(180,000)
	<b>2,287,322</b>	<b>2,136,000</b>	<b>13,023</b>	<b>(164,345)</b>	<b>42,817</b>	<b>(1,485,558)</b>	<b>40,498</b>	<b>(208,968)</b>

**By Class**

	<b>Net book value \$</b>	<b>Sale proceeds \$</b>	<b>2017/18 Budget</b>		<b>2016/17 Actual</b>		<b>2016/17 Budget</b>	
			<b>Profit \$</b>	<b>Loss \$</b>	<b>Profit \$</b>	<b>Loss \$</b>	<b>Profit \$</b>	<b>Loss \$</b>
Land and buildings	1,704,000	1,645,000	0	(59,000)	24,475	(1,473,208)	0	(180,000)
Furniture and equipment	0	0	0	0	0	0	0	0
Plant and equipment	583,322	491,000	13,023	(105,345)	18,342	(12,350)	40,498	(28,968)
	<b>2,287,322</b>	<b>2,136,000</b>	<b>13,023</b>	<b>(164,345)</b>	<b>42,817</b>	<b>(1,485,558)</b>	<b>40,498</b>	<b>(208,968)</b>

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**7. INFORMATION ON BORROWINGS**

**(a) Borrowing repayments**

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

Purpose	Principal 1-Jul-17	New loans	Principal repayments		Principal outstanding		Interest Repayments incl. Govt Guarantee Fee	
			2017/18 Budget	2016/17 Actual	2017/18 Budget	2016/17 Actual	2017/18 Budget	2016/17 Actual
			\$	\$	\$	\$	\$	\$
<b>Governance</b>								
191, Civic & Admin Bldg	6,058,093		289,128	274,705	5,768,965	6,058,093	344,634	361,754
<b>Community Amenities</b>								
184, Augusta town toilets	22,100		10,750	10,183	11,350	22,100	1,128	1,476
186, MR Memorial Park toilets	44,995		21,831	20,575	23,164	44,995	2,487	3,590
188, Augusta water wheel toilets	30,412		10,476	9,859	19,936	30,412	1,816	2,402
<b>Recreation and culture</b>								
164, Aquatic Centre	288,714		81,959	76,426	206,755	288,714	20,038	20,294
174, Cowaramup Rec Ctr	241,895		29,671	27,856	212,224	241,895	16,210	16,480
185, MR Rec Ctr solar power	17,189		8,361	7,920	8,828	17,189	877	1,148
187, MR Rec Ctr stage 1	280,727		32,589	30,500	248,138	280,727	19,716	21,205
189, MR Rec Ctr stage 2	200,379		69,024	64,957	131,355	200,379	11,961	15,825
192, Cultural Ctr redevelopment		1,100,000	13,731	0	1,086,269	0	13,804	0
193, MR Youth Precinct		350,000	14,948	0	335,052	0	6,713	0
194, Asbestos removal/replacement		1,000,000	42,709	0	957,291	0	19,124	0
<b>Economic services</b>								
173, Augusta RTC	368,074		44,190	41,482	323,884	368,074	24,739	25,963
179, Gnarabup café	199,496		23,375	21,939	176,121	199,496	13,452	14,605
181, Gnarabup café	120,229		10,305	9,688	109,924	120,229	7,998	8,007
	<b>7,872,303</b>	<b>2,450,000</b>	<b>703,047</b>	<b>596,090</b>	<b>9,619,256</b>	<b>7,872,303</b>	<b>504,697</b>	<b>492,749</b>
<b>Self Supporting Loans</b>								
<b>Recreation and culture</b>								
183, Augusta Bowling Club	6,486		5,147	4,832	1,339	6,486	333	662
	<b>6,486</b>	<b>0</b>	<b>5,147</b>	<b>4,832</b>	<b>1,339</b>	<b>6,486</b>	<b>333</b>	<b>662</b>
	<b>7,878,789</b>	<b>2,450,000</b>	<b>708,194</b>	<b>600,922</b>	<b>9,620,595</b>	<b>7,878,789</b>	<b>505,030</b>	<b>493,411</b>

All borrowing repayments will be financed by general purpose revenue apart from Loans 192 and 193 funded from the Developer Contributions Reserve.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**7. INFORMATION ON BORROWINGS (Continued)**

**(b) New borrowings - 2017/18**

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate %	Amount borrowed budget \$	Total interest & charges \$	Amount used budget \$	Balance unspent \$
192, Cultural Ctr redevelopment	WATC	Debenture	15	3.79	1,100,000	352,260	1,100,000	0
193, MR Youth Precinct	WATC	Debenture	10	3.27	350,000	63,167	350,000	0
194, Asbestos removal/replacement	WATC	Debenture	10	3.27	1,000,000	180,476	1,000,000	0
					<u>2,450,000</u>	<u>595,903</u>	<u>2,450,000</u>	<u>0</u>

Note: Principal and Interest repayments for Loans 192 and 193 are funded from the Developer Contributions Reserve.

**(c) Unspent borrowings**

The Shire had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018.

**(d) Overdraft**

Shire has not utilised an overdraft facility during the financial year although an overdraft facility could be obtained if required. It is not anticipated that an overdraft facility will be required to be utilised during 2017/18.

AASB 101.10(e)  
AASB 101.51  
AASB 101.112

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

LGA S6.2(4)(b)  
FM Reg 23(a)

**8. RATING INFORMATION**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of properties</b>	<b>Rateable value \$</b>	<b>2017/18 Budgeted rate revenue \$</b>	<b>2017/18 Budgeted interim rates \$</b>	<b>2017/18 Budgeted back rates \$</b>	<b>2017/18 Budgeted total revenue \$</b>	<b>2016/17 Actual \$</b>
<b>Differential general rate or general rate</b>								
Residential GRV	0.101900	4,166	71,630,141	7,299,112	100,000	20,000	7,419,112	6,953,837
Residential GRV Vacant	0.195206	326	4,133,050	806,796			806,796	885,897
Rural Residential GRV	0.097613	630	12,774,120	1,246,920			1,246,920	1,222,441
Rural Residential GRV Vacant	0.190007	140	1,737,160	330,073			330,073	349,967
Commercial, Industrial & Tourism	0.120698	1,040	36,885,211	4,451,971			4,451,971	4,310,456
Rural Strata Title Vineyard UV	0.004456	0	0	0			0	0
UV Rural	0.004456	779	518,117,000	2,308,729			2,308,729	2,254,517
UV1 (one non rural use)	0.005570	110	72,171,000	401,992			401,992	405,163
UV2 (two non rural uses)	0.006684	19	13,017,000	87,006			87,006	85,289
UV3 (over two non rural uses)	0.007798	16	13,431,000	104,735			104,735	105,268
UV Conservation	0.004355	70	59,246,000	258,016			258,016	254,970
<b>Sub-Totals</b>		7,296	803,141,682	17,295,351	100,000	20,000	17,415,351	16,827,805
<b>Minimum payment</b>	<b>\$</b>							
Residential GRV	1,264	842	8,933,907	1,064,288			1,064,288	1,039,269
Residential GRV Vacant	1,264	727	3,181,755	918,928			918,928	925,158
Rural Residential GRV	1,539	138	1,895,534	212,382			212,382	204,678
Rural Residential GRV Vacant	1,539	30	206,070	46,170			46,170	14,940
Commercial, Industrial & Tourism	1,358	239	1,868,774	324,562			324,562	305,776
Rural Strata Title Vineyard UV	833	37	2,700,000	30,821			30,821	29,933
UV Rural	1,418	181	36,827,602	256,658			256,658	207,927
UV1 (one non rural use)	1,418	6	1,261,000	8,508			8,508	8,262
UV2 (two non rural uses)	1,418	0	0	0			0	0
UV3 (over two non rural uses)	1,418	0	0	0			0	0
UV Conservation	1,365	16	4,072,000	21,840			21,840	18,550
<b>Sub-Totals</b>		2,216	60,946,642	2,884,157	0	0	2,884,157	2,754,493
		<b>9,512</b>	<b>864,088,324</b>	<b>20,179,508</b>	<b>100,000</b>	<b>20,000</b>	<b>20,299,508</b>	<b>19,582,298</b>
Discounts/concessions (Refer note 13)							0	0
<b>Total amount raised from general rates</b>							<b>20,299,508</b>	<b>19,582,298</b>
Specified area rates (Refer note 10)							0	0
<b>Total rates</b>							<b>20,299,508</b>	<b>19,582,298</b>

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
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**8(a). RATING INFORMATION**

All land except 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 above 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 rates 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.

**Objectives and reasons for 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**

<b>Description</b>	<b>Characteristics</b>	<b>Objects</b>	<b>Reasons</b>
Residential	Developed properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of the rate for this category is to provide the base for the other GRV rate categories.	The other GRV categories are considered to have different demand and requirement characteristics to the residential category.
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of having the same minimum payment but a higher rate in the dollar than the Residential category is to encourage land owners to develop residential land.	Excessive vacant residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of having the same minimum payment but a higher rate in the dollar than the Residential category is to encourage land owners to develop residential land.	Excessive vacant residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**8(a). RATING INFORMATION (CONTINUED)**

**Differential general rate (continued)**

<b>Description</b>	<b>Characteristics</b>	<b>Objects</b>	<b>Reasons</b>
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 use)	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 non-rural use)	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 2018**

**8(a). RATING INFORMATION**

**Differential minimum payment**

<b>Description</b>	<b>Characteristics</b>	<b>Objects</b>	<b>Reasons</b>
Residential	Developed properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object is to obtain the minimum contribution for basic services and infrastructure from owners of residential properties.	This is considered to be the base minimum for GRV rated residential properties.
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object is to obtain the minimum contribution for the provision of basic services and infrastructure from owners of vacant residential properties.	The minimum payment for this category is designed to encourage land owners to develop their land.
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 park and tourism and properties with Planning approval to operate as short term holiday rental.	The object is to obtain the minimum contribution for basic services and infrastructure provided for commercial, industrial and tourism zoned properties.	This is considered to be the base minimum for GRV commercial, industrial and tourism properties.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**8(a). RATING INFORMATION (CONTINUED)**

**Differential minimum payment (continued)**

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 2018**

**9. CASH BACKED RESERVES**

	2017/18 Budget Opening balance \$	2017/18 Budget Transfer to \$	2017/18 Budget Transfer (from) \$	2017/18 Budget Closing balance \$	2016/17 Actual Opening balance \$	2016/17 Actual Transfer to \$	2016/17 Actual Transfer (from) \$	2016/17 Actual Closing balance \$	2016/17 Budget Opening balance \$	2016/17 Budget Transfer to \$	2016/17 Budget Transfer (from) \$	2016/17 Budget Closing balance \$
Staff Leave Reserve	396,869	7,937	0	404,806	389,017	7,852	0	396,869	389,017	10,309	0	399,326
Margaret River CBD Redevelopment	6,697,946	898,049	0	7,595,995	6,489,840	408,106	(200,000)	6,697,946	6,489,840	416,496	(200,000)	6,706,336
Augusta Revitalisation Reserve	0	240,000	(120,000)	120,000	0	0	0	0	0	0	0	0
Public Open Space Reserve	225,567	4,511	(140,000)	90,078	81,337	144,230	0	225,567	81,337	2,155	0	83,492
Caravan Park Upgrade Reserve	1,518,141	30,363	(1,080,000)	468,504	1,488,105	30,036	0	1,518,141	1,488,105	69,435	(700,000)	857,540
Limesand Pits Reserve	62,375	1,247	0	63,622	61,243	1,132	0	62,375	61,243	1,623	0	62,866
Cemeteries Reserve	10,558	211	0	10,769	10,249	309	0	10,558	10,249	272	0	10,521
Community Loan Reserve	170,805	10,639	(5,200)	176,244	151,199	19,606	0	170,805	151,199	14,561	0	165,760
Cedarvale Reserve	225,393	4,508	0	229,901	220,934	4,459	0	225,393	220,934	5,855	0	226,789
Waste Management Reserve	7,133,988	1,007,686	0	8,141,674	5,375,812	1,858,176	(100,000)	7,133,988	5,375,812	117,459	(686,846)	4,806,425
Parking Reserve	151,517	3,030	0	154,547	148,519	2,998	0	151,517	148,519	3,936	0	152,455
Infrastructure Contributions Reserve	1,478,615	36,147	0	1,514,762	1,743,249	64,104	(328,738)	1,478,615	1,743,249	46,196	(20,000)	1,769,445
Biodiversity Reserve	10,187	204	0	10,391	10,000	187	0	10,187	10,000	0	0	10,000
Community Facility Reserve	3,390,521	63,810	(1,529,000)	1,925,331	2,332,177	1,058,344	0	3,390,521	2,132,176	56,503	(300,000)	1,888,679
Plant Reserve	1,810,035	236,211	(1,224,674)	821,572	1,774,709	335,326	(300,000)	1,810,035	1,574,709	41,730	(1,000,000)	616,439
Affordable Housing Fund Reserve	60,238	1,204	(45,000)	16,442	49,212	11,026	0	60,238	49,212	1,304	(49,000)	1,516
Gravel Pits Reserve	368,365	7,367	0	375,732	361,075	7,290	0	368,365	361,076	9,569	0	370,645
Self Insurance Reserve	263,021	5,260	0	268,281	257,817	5,204	0	263,021	257,817	6,832	0	264,649
Recreation Centres Reserve	15,784	5,316	0	21,100	6,928	8,856	0	15,784	6,928	184	0	7,112
Old Settlement Reserve	29,834	597	0	30,431	29,244	590	0	29,834	29,244	775	0	30,019
Developer Contributions Reserve	753,453	159,547	(169,628)	743,372	467,888	285,565	0	753,453	467,888	212,399	0	680,287
Community Grants Reserve	15,641	20,313	0	35,954	10,000	5,641	0	15,641	10,000	22,265	(5,000)	27,265
Augusta Recreation Reserves	0	0	0	0	0	0	0	0	0	0	0	0
Emergency Services Reserve	188,348	978	(20,000)	169,326	47,954	140,394	0	188,348	47,954	1,271	0	49,225
Roads Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Youth Facilities Reserve	0	2,660	0	2,660	0	0	0	0	0	0	0	0
	<u>24,977,201</u>	<u>2,747,795</u>	<u>(4,333,502)</u>	<u>23,391,494</u>	<u>21,506,508</u>	<u>4,399,431</u>	<u>(928,738)</u>	<u>24,977,201</u>	<u>21,106,508</u>	<u>1,041,129</u>	<u>(2,960,846)</u>	<u>19,186,791</u>

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**9. CASH BACKED RESERVES (Continued)**

In accordance with council resolutions, the purpose for which the reserves are set aside are as follows:

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

Reserves are not expected to be used within a set period.

Further transfers to the reserves are expected as funds are utilised and when funds are available.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**10. SPECIFIED AREA RATE**

The Shire of Augusta Margaret River does not intend to impose a specified area rate under Section 6.32(b)(i) of the Local Government Act 1995 during the budget period.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**11. SERVICE CHARGES**

	Amount of charge \$	2017/18 Budgeted revenue \$	Budget Amount to be applied to costs \$	Budget Amount to be set aside to reserve \$	Reserve Amount to be applied to costs \$	2016/17 Actual revenue \$
<b>Service charge</b>						
Cowaramup Underground Power	333	4,333	4,333	0	0	4,323
		4,333	4,333	0	0	4,323

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

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

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES**

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

<b>Instalment options</b>	<b>Date due</b>	<b>Instalment plan admin charge \$</b>	<b>Instalment plan interest rate %</b>	<b>Unpaid rates interest rates %</b>
<b>Option one</b>				
Single full payment	15/09/2017	0	0.00%	11.00%
<b>Option two</b>				
First instalment	15/09/2017	0	5.50%	11.00%
Second instalment	17/11/2017	7.50	5.50%	11.00%
Third instalment	19/01/2018	7.50	5.50%	11.00%
Fourth instalment	23/03/2018	7.50	5.50%	11.00%

	<b>2017/18 Budget revenue \$</b>	<b>2016/17 Actual \$</b>
Instalment plan admin charge revenue	75,000	75,158
Instalment plan interest earned	120,000	131,668
Unpaid rates interest earned	95,000	113,372
	<u>290,000</u>	<u>320,198</u>

	<b>2017/18 Budget Revenue \$</b>	<b>2016/17 Actual \$</b>
<b>Deferred Rates</b>		
In accordance with the Rates and Charges (Rebates and Deferments) Act 1992, eligible pensioners can elect to defer payment of their property rates. Interest is paid by the State Government on the value of rates deferred.	1,000	1,482
<b>Emergency Services Levy</b>		
In accordance with the Emergency Services Levy Act, penalty interest can be charged on late payments.	1,500	3,982
	<u>2,500</u>	<u>5,464</u>

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS**

**Rates discounts**

No discounts for receiving rates payments ontime are offered by the Shire.

Council provides a number of rate payment incentive prizes totalling \$2,000.

**Waivers or concessions**

Any rate concessions are provided to Council for approval.

Delegation 8 to the CEO, Write Off Debts, allows the write off of debts not exceeding \$3,000.

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>
<b>14. FEES &amp; CHARGES REVENUE</b>		
Governance	233,860	290,396
General purpose funding	175,946	203,091
Law, order, public safety	197,920	195,760
Health	110,965	110,417
Education and welfare	295,000	325,641
Housing	0	0
Community amenities	4,934,451	4,930,671
Recreation and culture	966,640	920,019
Transport	109,200	125,036
Economic services	2,358,524	2,173,084
Other property and services	0	0
	<u>9,382,506</u>	<u>9,274,115</u>
<b>15. GRANT REVENUE</b>		
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
<b>By Program:</b>		
<b>Operating grants, subsidies and contributions</b>		
Governance	102,200	258,783
General purpose funding	678,454	2,026,147
Law, order, public safety	392,481	637,025
Health	0	0
Education and welfare	10,500	0
Housing	0	0
Community amenities	0	29,978
Recreation and culture	280,680	134,279
Transport	25,000	15,882
Economic services	0	23,441
Other property and services	20,000	3,898
	<u>1,509,315</u>	<u>3,129,433</u>
<b>Non-operating grants, subsidies and contributions</b>		
Governance	2,217,333	0
General purpose funding	0	0
Law, order, public safety	847,237	412,301
Health	0	0
Education and welfare	0	0
Housing	0	0
Community amenities	150,000	415,788
Recreation and culture	3,577,237	535,371
Transport	2,853,819	3,044,920
Economic services	0	0
Other property and services	0	0
	<u>9,645,626</u>	<u>4,408,380</u>

**SHIRE OF AUGUSTA MARGARET RIVER  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>
<b>16. ELECTED MEMBERS REMUNERATION</b>		
The following fees, expenses and allowances were paid to council members and the Shire President.		
Meeting fees	132,252	132,282
Shire President's allowance	38,400	38,352
Deputy Shire President's allowance	9,600	9,600
Travelling expenses	19,421	15,340
Telecommunications allowance	24,500	24,499
	<u>224,173</u>	<u>220,073</u>

**17. TRUST FUNDS**

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

<b>Detail</b>	<b>Balance 1-Jul-17 \$</b>	<b>Estimated amounts received \$</b>	<b>Estimated amounts paid (\$)</b>	<b>Estimated balance 30-Jun-18 \$</b>
ESL Levy	0	800,000	(800,000)	0
DPI Licencing	105,617	3,050,000	(3,055,617)	100,000
TRANSWA Agency	299	5,000	(5,000)	299
Unclaimed Monies	2,808			2,808
BCITF Levy	0	120,000	(120,000)	0
BRB Levy	0	100,000	(100,000)	0
Public Open Space	138,274			138,274
Deposits - Fire Protection	0			0
Bonds - Building	0			0
Bonds - Town Planinng	0			0
Bonds - Roadworks	1,161,987			1,161,987
Bonds - Other	31,146			31,146
Deposits - Other	3,308			3,308
Deposits - Library	0			0
	<u>1,443,439</u>	<u>4,075,000</u>	<u>(4,080,617)</u>	<u>1,437,822</u>

**18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017-18.

**19. INTERESTS IN JOINT ARRANGEMENTS**

It is not anticipated the Shire will be party to any joint venture arrangements during 2017-18.

# Workforce Plan Budget update 2017-18



Natural Connected Prosperous



## Planning for the Future – 2018

Local Government needs to proactively plan for the future through developing the capability of existing staff, identifying critical areas of risk and developing succession plans.

### Overview

The Shire has maintained its efforts to rationalise its workforce whilst also reviewing its core operations and expanding into Economic Services. Several workforce initiatives have also been undertaken that are as follows:

- Creation of retention strategies in order to maintain staffing in particular those identified within Western Australia occupational skill shortage registers; and
- Reallocating existing resources to higher priority areas that are experiencing higher demand and workloads.

The Shire will continue to adapt to the current economic climate and build greater resilience within its workforce to ensure its sustainability now and into the future.

### Workforce plan update

Key workforce changes within the 2017-18 budget are as follows:

Unit	Services	Workforce
<b>Governance &amp; Marketing</b>	Economic Development projects to be undertaken.	New additional Economic Development Officer role from January 2018 (1FTE)
<b>Ranger Services</b>	Manage increase in workload over the summer period	New additional Ranger position for fixed term period (0.5 FTE)
<b>Caravan Parks &amp; Camping Ground</b>	Reviewed management arrangements for Alexandra Bridge Camp Ground.	Overall reduction of 0.61 FTE Development of resourcing synergies across entire operations.
<b>Infrastructure Services Directorate</b>	Reduction in Personal Assistant services to the Director Infrastructure	Reduction in Personal Assistant Infrastructure role (-0.5 FTE) that has been reallocated to Community Buildings.
<b>Community Buildings</b>	Manage requirement for administration support.	Increase in existing Building Assets Officer role (0.5 FTE)
<b>Public Works Overheads</b>	Manage the quality assurance of construction works.	New Works Inspector role (1.00 FTE) that has been reallocated from Maintenance
<b>Maintenance</b>	No change to services.	Reduction in Maintenance (-1.00 FTE) with FTE reallocated to Works Inspector role.
<b>Building Control</b>	No change to services.	Reduction in total FTE due to rounding (-0.06 FTE)

## Workforce FTE distribution (budget)

Budget Sections	2016/17	2017/18
Governance and Marketing	3.90	4.91
Human Resources	5.40	5.40
Corporate & Community Services Directorate	2.00	2.01
Finance	4.20	4.20
Revenue	2.46	2.46
Customer Relations	6.75	6.75
Information Communication & Technology	1.95	1.95
Records	2.25	2.25
Emergency Services	1.00*	1.00*
Bushfire Risk Management	1.00*	1.00*
Community Planning & Development	4.41	4.41
Rangers	5.10	5.60
Libraries	7.08	7.10
Flinders Bay Caravan Park	1.96	2.02
Alexandra Bridge Camping Ground	1.21	0.50
Turner Caravan Park	5.25	5.29
Childcare	3.71	3.71
Recreational Services	14.42	14.32
Beach Lifeguards	1.10	1.10
Infrastructure Services Directorate	2.03	1.50
Asset Services	5.00	5.00
Landcare	1.40	1.40
Community Buildings	1.40	1.89
Public Works Overheads	6.78	7.83
Technical Services	3.00	3.00
Construction Services	16.00	16.00
Maintenance Services	10.05	9.00
Parks and Gardens	13.00	13.00
Plant Operating Costs	3.21	3.21
Sustainable Development Directorate	5.44	5.45
Building Control	2.09	2.03
Environmental Health	5.20	5.20
Waste Services Overheads	3.20	3.20
Waste Services	6.11	6.12
Statutory Planning	8.39	8.32
<b>Total Workforce FTE (including grant funded)</b>	<b>167.35</b>	<b>168.13</b>

### Budget grant funded positions 2018

Position	Number	Comments
Community Emergency Services Manager	0.50	Jointed funded 50:50
Bushfire Risk Planning Coordinator	1.00	100% funded
<b>Total Grant Funded Positions</b>	<b>1.50</b>	

- The Bushfire Risk Planning Coordinator role will cease as of 30 September 2017 due to funding not being approved in the State Government Budget.
- The current Memorandum of Understanding (MOU), between DFES and the Shire Augusta Margaret River, regarding the CESM role is due to expire on 14 October 2017. There is the intention to negotiate a new MOU.

### Workforce FTE breakdown 2014 - 2018

	2014	2015	2016	2017	2018
<b>Workforce budget FTE (including grant funded)</b>	168.04	166.34	165.31	167.36	168.13
<b>Grant funded FTE</b>	2.26	1.10	0.50	1.50	1.50
<b>Workforce budget FTE % change</b>	1.0%	-1.0%	-0.6%	0.98%	0.99%
<b>Annual change in number of budget FTE</b>	1.67	-1.70	-1.04	1.99	0.77

**Organisational Structural Chart**

