

**SHIRE OF ASHBURTON**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**SHIRE OF ASHBURTON'S VISION**

We will embrace our unique Pilbara environment and lifestyle through the development of vibrant, connected and active communities that have access to quality services, exceptional amenities and economic vitality.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2020**

**BY NATURE OR TYPE**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	37,931,090	32,330,067	35,300,878
Operating grants, subsidies and contributions	9	3,937,157	8,467,984	3,278,255
Fees and charges	8	6,128,206	6,941,593	8,169,043
Service charges	1(d)	180,300	173,150	176,765
Interest earnings	10(a)	1,223,132	1,343,054	1,199,149
Other revenue	10(b)	975,681	542,372	619,381
		50,375,566	49,798,220	48,743,471
<b>Expenses</b>				
Employee costs		(20,386,764)	(16,497,496)	(18,990,205)
Materials and contracts		(20,038,325)	(10,426,718)	(15,204,053)
Utility charges		(1,342,566)	(1,185,483)	(1,508,895)
Depreciation on non-current assets	5	(11,603,060)	(10,522,415)	(15,273,032)
Interest expenses	10(d)	(140,534)	(186,717)	(175,666)
Insurance expenses		(1,297,955)	(1,151,290)	(1,251,787)
Other expenditure		(2,146,591)	(422,152)	(759,434)
		(56,955,795)	(40,392,271)	(53,163,072)
<b>Subtotal</b>				
		(6,580,229)	9,405,949	(4,419,601)
Non-operating grants, subsidies and contributions	9	30,966,305	10,515,195	42,344,561
Profit on asset disposals	4(b)	9,889	35,262	2,007,725
Loss on asset disposals	4(b)	(83,471)	(349,990)	(62,197)
		30,892,723	10,200,467	44,290,089
<b>Net result</b>				
		24,312,494	19,606,416	39,870,488
<b>Total comprehensive income</b>				
		24,312,494	19,606,416	39,870,488

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

## FOR THE YEAR ENDED 30TH JUNE 2020

**BASIS OF PREPARATION**

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

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**THE LOCAL GOVERNMENT REPORTING ENTITY**

All funds through which the Shire of Ashburton 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 15 to the budget.

**2018/19 ACTUAL BALANCES**

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

**CHANGE IN ACCOUNTING POLICIES**

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 17.

**KEY TERMS AND DEFINITIONS - NATURE OR TYPE****REVENUES****RATES**

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

**SERVICE CHARGES**

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

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

**PROFIT ON ASSET DISPOSAL**

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

**REVENUES (CONTINUED)****OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

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

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

**FEES AND CHARGES**

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

**INTEREST EARNINGS**

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

**OTHER REVENUE / INCOME**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

**EXPENSES****EMPLOYEE COSTS**

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

**MATERIALS AND CONTRACTS**

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

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

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

**INSURANCE**

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

**LOSS ON ASSET DISPOSAL**

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

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation expense raised on all classes of assets.

**INTEREST EXPENSES**

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

**OTHER EXPENDITURE**

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

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2020**

**BY REPORTING PROGRAM**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		606,098	168,759	610,458
General purpose funding		41,226,819	37,171,906	38,256,135
Law, order, public safety		76,103	123,468	118,014
Health		73,791	235,507	213,996
Education and welfare		45,300	52,636	44,820
Housing		294,973	398,957	360,310
Community amenities		2,387,589	2,108,129	3,563,432
Recreation and culture		1,427,094	4,653,940	866,582
Transport		2,670,657	3,306,163	3,039,091
Economic services		1,292,888	1,416,473	1,440,973
Other property and services		274,254	162,282	229,660
		50,375,566	49,798,220	48,743,471
<b>Expenses excluding finance costs</b>	5,10(c)(e)(f)(f)			
Governance		(8,901,969)	(6,351,478)	(7,724,255)
General purpose funding		(83,136)	(6,064)	(198,586)
Law, order, public safety		(1,374,419)	(999,597)	(1,069,101)
Health		(779,209)	(659,289)	(608,361)
Education and welfare		(318,868)	(276,002)	(339,347)
Housing		(1,324,223)	(1,139,351)	(2,305,333)
Community amenities		(9,077,691)	(6,523,513)	(7,967,015)
Recreation and culture		(12,683,686)	(8,797,729)	(11,466,404)
Transport		(15,408,636)	(10,913,382)	(15,575,987)
Economic services		(3,518,082)	(2,391,336)	(2,831,127)
Other property and services		(3,345,342)	(2,147,813)	(2,901,890)
		(56,815,261)	(40,205,554)	(52,987,406)
<b>Finance costs</b>	6, 10(d)			
Governance		(22,415)	(25,568)	(23,808)
Housing		(47,993)	(68,617)	(68,846)
Community amenities		(60,309)	(74,117)	(69,759)
Recreation and culture		(610)	(2,851)	(2,983)
Transport		(9,207)	(15,564)	(10,270)
		(140,534)	(186,717)	(175,666)
<b>Subtotal</b>		(6,580,229)	9,405,949	(4,419,601)
Non-operating grants, subsidies and contributions	9	30,966,305	10,515,195	42,344,561
Profit on disposal of assets	4(b)	9,889	35,262	2,007,725
(Loss) on disposal of assets	4(b)	(83,471)	(349,990)	(62,197)
		30,892,723	10,200,467	44,290,089
<b>Net result</b>		<b>24,312,494</b>	<b>19,606,416</b>	<b>39,870,488</b>
<b>Total comprehensive income</b>		<b>24,312,494</b>	<b>19,606,416</b>	<b>39,870,488</b>

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

## FOR THE YEAR ENDED 30TH JUNE 2020

**KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS**

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

**OBJECTIVE****GOVERNANCE**

To provide a decision making process for the efficient allocation of 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**

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

To provide services to help ensure a safer community.

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

**HEALTH**

To assess and manage risks to public health and create and maintain environments that promote good public health.

Food safety, traders permits, septic approvals, analysis of drinking water, public pool safety, monitoring and control of mosquitoes, noise - dust or odour complaints, public building inspections, Environmental Health support to Aboriginal communities, provision of public information on issues such as asbestos, mosquitoes, food hygiene.

**EDUCATION AND WELFARE**

To meet the needs of the community in these areas.

Maintenance of pre-school facilities & donations to schools. Assistance to welfare groups and Youth Services.

**HOUSING**

To manage housing.

Maintenance of staff and rental housing.

**COMMUNITY AMENITIES**

To provide services required by the community.

Rubbish collections, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities and protection of the environment.

**RECREATION AND CULTURE**

To establish and manage efficiently infrastructure and resources which help the social well being of the community.

Maintenance of Halls, Swimming pools, sporting facilities, parks and associated facilities, provision of library services in Tom Price, Onslow, Pannawonica & Paraburdoo.

**TRANSPORT**

To provide effective and efficient transport services to the community.

Construction and maintenance of streets, roads, bridges, footpaths; street lighting, traffic management and airport. Purchase and disposal of Council's Road Plant.

**ECONOMIC SERVICES**

To help promote the Shire and improve its economic well-being.

Building control, management of tourist bureau, tourism and area promotion and standpipes.

**OTHER PROPERTY AND SERVICES**

To provide support services for works and plant operations.

Private works operations, plant repairs and operation costs, stock and materials, salaries and wages of Council employees.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2020**

**BY NATURE OR TYPE**

NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates	37,931,090	35,103,851	35,004,262
Operating grants, subsidies and contributions	3,892,157	11,662,741	3,233,255
Fees and charges	6,128,206	6,941,593	8,169,043
Service charges	180,300	173,150	176,765
Interest earnings	1,223,132	1,343,054	1,199,149
Goods and services tax	2,182,586	140,541	2,446,928
Other revenue	975,681	542,372	619,381
	52,513,152	55,907,302	50,848,783
<b>Payments</b>			
Employee costs	(20,386,764)	(16,023,286)	(18,990,205)
Materials and contracts	(19,888,357)	(11,905,303)	(14,650,115)
Utility charges	(1,342,566)	(1,185,483)	(1,508,895)
Interest expenses	(140,534)	(191,502)	(175,666)
Insurance expenses	(1,297,955)	(1,151,290)	(1,251,787)
Goods and services tax	(730,654)	(46,000)	(1,355,312)
Other expenditure	(2,146,591)	(422,152)	(759,434)
	(45,933,421)	(30,925,016)	(38,691,414)
<b>Net cash provided by (used in) operating activities</b>	3	6,579,731	24,982,286
		12,157,369	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for development of land held for resale	4(a)	(369,343)	0
Payments for purchase of property, plant & equipment	4(a)	(18,008,398)	(13,126,526)
Payments for construction of infrastructure	4(a)	(46,159,659)	(13,079,686)
Non-operating grants, subsidies and contributions used for the development of assets	9	30,966,305	10,515,195
Proceeds from sale of plant & equipment	4(b)	315,000	356,521
		2,370,455	
<b>Net cash provided by (used in) investing activities</b>		(33,256,095)	(15,334,496)
		(25,573,877)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	6(a)	(766,294)	(752,679)
Proceeds from new borrowings	6(b)	1,726,000	0
		2,100,000	
<b>Net cash provided by (used in) financing activities</b>		959,706	(752,679)
		1,347,320	
<b>Net increase (decrease) in cash held</b>		(25,716,658)	8,895,111
Cash at beginning of year		60,572,612	51,786,816
<b>Cash and cash equivalents at the end of the year</b>	3	<b>34,855,954</b>	<b>60,681,927</b>
		<b>38,916,099</b>	

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

**RATES SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020**
**BY REPORTING PROGRAM**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2 (b)(i)	9,684,911	12,102,225	10,709,456
		9,684,911	12,102,225	10,709,456
<b>Revenue from operating activities (excluding rates)</b>				
Governance		606,098	168,759	610,458
General purpose funding		3,295,729	4,841,839	2,955,257
Law, order, public safety		76,103	123,468	118,014
Health		73,791	235,507	213,996
Education and welfare		45,300	52,636	44,820
Housing		294,973	398,957	360,310
Community amenities		2,387,589	2,108,129	3,563,432
Recreation and culture		1,427,094	4,653,940	866,582
Transport		2,680,546	3,341,425	3,046,816
Economic services		1,292,888	1,416,473	3,440,973
Other property and services		274,254	162,282	229,660
		12,454,365	17,503,415	15,450,318
<b>Expenditure from operating activities</b>				
Governance		(8,924,384)	(6,377,046)	(7,748,063)
General purpose funding		(83,136)	(6,064)	(198,586)
Law, order, public safety		(1,374,419)	(999,597)	(1,069,101)
Health		(779,209)	(659,289)	(608,361)
Education and welfare		(318,868)	(276,002)	(339,347)
Housing		(1,372,216)	(1,207,968)	(2,374,179)
Community amenities		(9,138,000)	(6,597,630)	(8,036,774)
Recreation and culture		(12,684,296)	(9,124,154)	(11,469,387)
Transport		(15,501,314)	(10,955,362)	(15,648,454)
Economic services		(3,518,082)	(2,391,336)	(2,831,127)
Other property and services		(3,345,342)	(2,147,813)	(2,901,890)
		(57,039,266)	(40,742,261)	(53,225,269)
Non-cash amounts excluded from operating activities	2 (b)(ii)	11,691,384	10,837,143	13,327,504
<b>Amount attributable to operating activities</b>		(23,208,606)	(299,478)	(13,737,991)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	30,966,305	10,515,195	42,344,561
Purchase land held for resale	4(a)	(369,343)	0	0
Purchase property, plant and equipment	4(a)	(18,008,398)	(13,126,526)	(22,382,173)
Purchase and construction of infrastructure	4(a)	(46,159,659)	(13,079,686)	(47,906,720)
Proceeds from disposal of assets	4(b)	315,000	356,521	2,370,455
<b>Amount attributable to investing activities</b>		(33,256,095)	(15,334,496)	(25,573,877)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(766,294)	(752,679)	(752,680)
Proceeds from new borrowings	6(b)	1,726,000	0	2,100,000
Transfers to cash backed reserves (restricted assets)	7(a)	(844,314)	(21,537,523)	(11,317,300)
Transfers from cash backed reserves (restricted assets)	7(a)	19,918,219	15,279,020	15,480,970
<b>Amount attributable to financing activities</b>		20,033,611	(7,011,182)	5,510,990
<b>Budgeted deficiency before general rates</b>		(36,431,090)	(22,645,156)	(33,800,878)
<b>Estimated amount to be raised from general rates</b>	1	37,931,090	32,330,067	35,300,878
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	<b>1,500,000</b>	<b>9,684,911</b>	<b>1,500,000</b>

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

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
GRV - Residential / Community	0.102364	2,409	43,949,357	4,498,832	0	0	4,498,832	4,443,478	4,438,626
GRV - Commercial / Industrial / Tourism	0.065926	121	12,593,938	830,268	0	0	830,268	1,360,111	1,029,658
GRV - Transient Workers Accommodation	0.131845	24	19,869,316	2,619,670	0	0	2,619,670	0	0
<b>Unimproved valuations</b>									
UV - Mining / Industrial	0.369571	554	76,800,155	28,383,110	232,503	9,551	28,625,164	25,331,941	28,634,838
UV - Pastoral	0.062196	33	6,588,799	409,797	0	0	409,797	402,978	402,978
UV - Tourism	0.169018	4	345,000	58,311	0	0	58,311	57,168	57,168
<b>Sub-Totals</b>		3,145	160,146,565	36,799,988	232,503	9,551	37,042,042	31,595,677	34,563,268
<b>Minimum</b>									
<b>Minimum payment</b>									
<b>Gross rental value valuations</b>									
GRV - Residential / Community (General)	1,010.00	188	922,186	189,880	0	0	189,880	145,360	145,360
GRV - Residential / Community (Lesser)	727.50	17	18,455	12,368	0	0	12,368	11,730	13,800
GRV - Commercial / Industrial / Tourism	1,262.50	66	83,325	83,325	0	0	83,325	73,600	75,900
<b>Unimproved valuations</b>									
UV - Mining / Industrial	1,262.50	470	642,310	593,375	0	0	593,375	495,650	494,500
UV - Pastoral	1,262.50	8	61,348	10,100	0	0	10,100	8,050	8,050
UV - Tourism	1,262.50	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		749	1,727,624	889,048	0	0	889,048	734,390	737,610
		3,894	161,874,189	37,689,036	232,503	9,551	37,931,090	32,330,067	35,300,878
Discounts/concessions (Refer note 1(e))							0	0	0
<b>Total amount raised from general rates</b>							37,931,090	32,330,067	35,300,878
Specified area rates (Refer note 1(d))							0	0	0
<b>Total rates</b>							37,931,090	32,330,067	35,300,878

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

The general rates detailed for the 2019/20 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 local government services/facilities.



**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**1. RATES AND SERVICE CHARGES (CONTINUED)**

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

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

<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	30/08/2019	0	0.0%	0.0%
<b>Option two</b>				
First Instalment	30/08/2019	0	0.0%	0.0%
Second Instalment	1/11/2019	15	5.5%	11.0%
<b>Option three</b>				
First Instalment	30/08/2019	0	0.0%	0.0%
Second Instalment	1/11/2019	15	5.5%	11.0%
Third Instalment	6/01/2020	15	5.5%	11.0%
Fourth Instalment	9/03/2020	15	5.5%	11.0%

	<b>2019/20 Budget revenue</b>	<b>2018/19 Actual revenue</b>	<b>2018/19 Budget revenue</b>
	\$	\$	\$
Instalment plan admin charge revenue	10,404	9,033	10,200
Instalment plan interest earned	28,091	14,495	27,540
Unpaid rates and service charge interest earned	83,232	87,409	81,600
	<b>121,727</b>	<b>110,937</b>	<b>119,340</b>

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

Notice of Intention of Levying Differential Rates 2019/20 including Rating Statement of Rating Information containing the Objects and Reasons is attached at page 29.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES (CONTINUED)

The Shire did not raise specified area rates for the year ended 30th June 2020.

(d) Service Charges

	Amount of charge	2019/20 Budgeted revenue	Budget Amount to be applied to costs	Budget Amount to be set aside to reserve	Reserve Amount to be applied to costs	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$	\$	\$	\$	\$
<b>Service charge</b>							
Residential - Full Overhead	433.00	57,922	57,922	0	0	45,599	54,387
Residential - Consumer Mains Underground	210.00	7,590	7,590	0	0	8,009	7,590
Residential - Transformer / Vacant Connection	118.00	2,997	2,997	0	0	1,901	2,997
Residential - Base Rate	83.00	20,992	20,992	0	0	2,295	20,992
Commercial Mix Use - Full Overhead	1,484.24	0	0	0	0	11,132	0
Commercial Mix Use - Consumer Mains Und	1,260.94	0	0	0	0	7,262	0
Commerical Mixed Use - Transformer / Vacant	118.16	12,717	12,717	0	0	1,536	12,717
Commercial Mixed Use - Base Rate	210.16	5,457	5,457	0	0		5,457
Industrial - Full Overhead	2,929.12	0	0	0	0	66,881	0
Industrial - Consumer Mains Underground	2,797.82	0	0	0	0	10,823	0
Industrial - Transformer / Vacant Connection	2,613.87	0	0	0	0	10,455	0
Industrial - Base Rate	2,508.79	72,625	72,625	0	0	7,256	72,625
		180,300	180,300	0	0	173,150	176,765

Nature of the service charge	Objects of the charge	Reasons for the charge	Area / Properties charge to be imposed on
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The Shire of Ashburton introduced a service charge for the 2017/18 financial year in relation to the Pilbara Underground Power Project.

The Project is for the town of Onslow to dramatically reduce the likelihood of power outages to essential services immediately following adverse weather events. The project is a partnership between the State Government's Royalties for Regions initiative and Local Government. Due to the support of the Royalties for Regions program the project only requires a local 25% contribution to the overall cost of the project. Landowners contribution will be 10% or approximately \$1,000,000. This is funded by a low interest loan budgeted for in the 2019/20 financial year. Landowners will then pay their portion over four years via this service charge.

The funding model for landowners has been developed based on the type of existing connection to it. A property with 'full overhead power' including the connection to the meter box will be charged slightly more than a property that already has underground power from the street to the house.

The service charge will be levied in addition to the annual rates charges and an instalment option will apply as per Rates instalment dates included in Note 1.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

The Shire does not anticipate any discounts for the year ended 30 June 2020.

(e) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	2019/20 Budget	2018/19 Actual	Circumstances in which the waiver or concession is granted
			\$	\$	
Dog and Cat registration fees (Statutory)		50.0%	600	525	To assist eligible pensioners with the cost of
Refuse Collection Charge		50.0%	16,500	15,515	To support community groups as
Swimming Pools		20.0%	1,450	1,359	To support swimming club members.
			18,550	17,399	



NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

2 (b). NET CURRENT ASSETS (CONTINUED)

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

Operating activities excluded from budgeted deficiency

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

	Note	2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$	\$
<b>(i) Current assets and liabilities excluded from budgeted deficiency</b>					
<b>Net current assets</b>	2	28,926,368	56,790,289	56,790,289	37,670,619
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.					
<b>Adjustments to net current assets</b>					
Less: Cash - restricted reserves	3	(28,561,978)	(47,635,883)	(47,635,883)	(36,923,299)
Less: Current assets not expected to be received at end of year					
- Land held for resale		(929,929)	(560,586)	(560,586)	0
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		959,706	0	0	752,680
- Employee benefit provisions		1,105,833	1,091,091	1,091,091	0
<b>Adjusted net current assets - surplus/(deficit)</b>		<b>1,500,000</b>	<b>9,684,911</b>	<b>9,684,911</b>	<b>1,500,000</b>
<b>(ii) Operating activities excluded from budgeted deficiency</b>					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
<b>Adjustments to operating activities</b>					
Less: Profit on asset disposals	4(b)	(9,889)	(35,262)	(35,262)	(2,007,725)
Less: Movement in liabilities associated with restricted cash		14,742			
Add: Loss on disposal of assets	4(b)	83,471	349,990	349,990	62,197
Add: Depreciation on assets	5	11,603,060	10,522,415	10,522,415	15,273,032
<b>Non cash amounts excluded from operating activities</b>		<b>11,691,384</b>	<b>10,837,143</b>	<b>10,837,143</b>	<b>13,327,504</b>

**(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019**

The Shire of Ashburton has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire of Ashburton as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit.

Refer to note 17 for further explanation of the impact of the changes in accounting policies

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

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

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Ashburton's operational cycle. In the case of liabilities where the Shire of Ashburton 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 Ashburton's intentions to release for sale.

**TRADE AND OTHER PAYABLES**

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

**CONTRACT ASSETS**

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

**PROVISIONS**

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

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

**INVENTORIES**

**General**

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

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

**Superannuation**

The Shire of Ashburton contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Ashburton contributes are defined contribution plans.

**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.

**CONTRACT LIABILITIES**

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

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

Provision is made for the Shire of Ashburton'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 Ashburton'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 Ashburton's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**LAND HELD FOR RESALE**

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

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

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

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**3. RECONCILIATION OF CASH**

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

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
Cash - unrestricted	6,293,976	12,936,729	3,039,417
Cash - restricted	28,561,978	47,635,883	36,923,299
	<b>34,855,954</b>	<b>60,572,612</b>	<b>39,962,716</b>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Employee Entitlement Reserve	1,105,833	1,091,091	585,420
Financial Risk Reserve	1,377,678	7,977,185	12,553,177
Future Projects Reserve	776,914	2,743,065	661,885
Housing Reserve	356,849	1,418,600	399,559
Infrastructure Reserve	727,963	3,462,700	879,701
Joint Venture Housing Reserve	6,316	102,676	202,069
Onslow Aerodome Reserve	10,511,182	14,706,010	10,696,449
Onslow Community Infrastructure Reserve	195,762	192,277	192,996
Plant Replacement Reserve	29,444	494,798	24,368
Property Development Reserve	2,517,883	2,639,332	3,383,100
RTIO Partnership Reserve	1,976,428	3,162,561	2,669,938
Tom Price Admin Bldg. Reserve	6,035,199	6,026,756	4,020,688
Unspent Grants Reserve	601,114	592,076	153,261
Waste Services Reserve	2,343,413	3,026,756	500,688
	<b>28,561,978</b>	<b>47,635,883</b>	<b>36,923,299</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	24,312,494	19,606,416	39,870,488
Depreciation	11,603,060	10,522,415	15,273,032
(Profit)/loss on sale of asset	73,582	314,728	(1,945,528)
(Increase)/decrease in receivables	0	6,063,082	0
(Increase)/decrease in inventories	16,250	(3,882)	(296,616)
Increase/(decrease) in payables	1,540,650	(1,145,866)	1,600,554
Increase/(decrease) in employee provisions	0	140,588	0
Grants/contributions for the development of assets	(30,966,305)	(10,515,195)	(42,344,561)
<b>Net cash from operating activities</b>	<b>6,579,731</b>	<b>24,982,286</b>	<b>12,157,369</b>

**SIGNIFICANT ACCOUNTING POLICES**

**CASH AND CASH EQUIVALENTS**

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

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

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

#### 4. FIXED ASSETS

##### (a) Acquisition of Assets

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

Asset class	Reporting program								2019/20	2018/19	2018/19
	Governance	Law, order, public safety	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Budget total	Actual total	Budget total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>											
Land - freehold land	0	0	0	0	0	0	0	0	0	0	175,000
Buildings - non-specialised	0	0	0	0	0	0	0	0	0	11,333,409	19,906,678
Buildings - specialised	225,000	190,000	7,850,000	3,545,000	180,000	3,099,759	864,723	65,000	16,019,482	0	0
Furniture and equipment	195,168	0	0	0	0	25,900	0	25,000	246,068	66,264	303,711
Plant and equipment	0	86,553	0	0	0	10,000	1,646,295	0	1,742,848	1,726,853	1,996,784
	420,168	276,553	7,850,000	3,545,000	180,000	3,135,659	2,511,018	90,000	18,008,398	13,126,526	22,382,173
<i>Infrastructure</i>											
Infrastructure - Roads	0	0	0	0	0	0	14,361,137	380,000	14,741,137	10,334,689	30,490,506
Infrastructure - Footpaths	0	0	0	0	0	0	756,556	0	756,556	86,354	0
Infrastructure - Drainage	0	0	0	0	0	0	1,613,000	0	1,613,000	117,367	986,900
Infrastructure - Parks and Recreation	0	0	0	0	22,296	10,916,340	0	0	10,938,636	1,995,736	1,045,838
Infrastructure - Airports	0	0	0	0	0	0	4,384,969	0	4,384,969	66,162	2,119,605
Infrastructure - Towns	0	0	0	0	128,000	0	0	1,968,361	2,096,361	25,359	493,600
Infrastructure - Waste	0	0	0	0	11,629,000	0	0	0	11,629,000	454,019	12,770,271
	0	0	0	0	11,779,296	10,916,340	21,115,662	2,348,361	46,159,659	13,079,686	47,906,720
<i>Land Held for Resale</i>											
Land held for resale	0	0	0	0	0	0	0	369,343	369,343	0	0
<b>Total acquisitions</b>	420,168	276,553	7,850,000	3,545,000	11,959,296	14,051,999	23,626,680	2,807,704	64,537,400	26,206,212	70,288,893



NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Recreation and culture	0	0	0	0	323,574	0	0	(323,574)	0	0	0	0
Transport	388,582	315,000	9,889	(83,471)	347,675	356,521	35,262	(26,416)	424,927	370,455	7,725	(62,197)
Economic services	0	0	0	0	0	0	0	0	0	2,000,000	2,000,000	0
	388,582	315,000	9,889	(83,471)	671,249	356,521	35,262	(349,990)	424,927	2,370,455	2,007,725	(62,197)
<b>By Class</b>												
<i>Property, Plant and Equipment</i>												
Buildings - specialised	0	0	0	0	323,574	0	0	(323,574)	0	0	0	0
Plant and equipment	388,582	315,000	9,889	(83,471)	347,675	356,521	35,262	(26,416)	424,927	370,455	7,725	(62,197)
<i>Land Held for Resale</i>												
Land held for resale	0	0	0	0	0	0	0	0	0	2,000,000	2,000,000	0
	388,582	315,000	9,889	(83,471)	671,249	356,521	35,262	(349,990)	424,927	2,370,455	2,007,725	(62,197)

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

## 5. ASSET DEPRECIATION

### By Program

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	407,599	365,206	361,618
Law, order, public safety	65,858	57,722	68,132
Health	3,846	1,881	5,337
Education and welfare	88,566	79,594	45,686
Housing	223,100	200,498	542,595
Community amenities	466,723	418,006	338,893
Recreation and culture	1,375,322	1,286,722	2,328,289
Transport	7,821,109	7,082,385	10,480,300
Economic services	313,717	281,664	170,941
Other property and services	837,220	748,737	931,241
	11,603,060	10,522,415	15,273,032

### By Class

Furniture and equipment	204,995	190,497	238,199
Plant and equipment	974,741	604,493	1,692,062
Land and Buildings	1,609,984	1,445,666	1,345,164
Infrastructure - Roads	5,909,611	5,310,925	8,641,179
Infrastructure - Footpaths	185,747	166,929	167,233
Infrastructure - Drainage	572,571	514,565	273,719
Infrastructure - Parks and Recreation	762,703	697,763	1,648,047
Infrastructure - Airports	928,211	848,788	935,931
Infrastructure - Bridges	64,588	30,149	11,384
Infrastructure - Towns	230,442	207,096	149,985
Infrastructure - Wastage	159,467	159,467	170,129
Infrastructure - WIP	0	346,077	0
	11,603,060	10,522,415	15,273,032

## SIGNIFICANT ACCOUNTING POLICIES

### DEPRECIATION

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

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

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

Buildings	15 to 100 years	1-6.67%
Furniture and Equipment	4 to 10 years	10-25%
Computer Equipment	3 years	0
Office Equipment	5 years	0
Plant and Equipment	3 to 15 years	6.67-33.33%
Motor Vehicles	3-5 years	0
Infrastructure Other	10-100 years	2-2.85%
Water Supply Piping & Drainage Systems	100 years	
Sewerage piping	100 years	0
Footpaths	35-50 years	2-2.85%
Gravel roads		
· Construction/Road Base	80 years	0
· Gravel Sheet	12 years	0
Formed Roads (unsealed)		
· Construction/Road Base	80 years	0
Sealed Roads and Streets		
· Construction/Road Base	80 years	0
Major re-surfacing Bituminous Seals	14 years	0
Asphalt Surfaces	30 years	0

### DEPRECIATION (CONTINUED)

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.

### RECOGNITION OF ASSETS

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

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

## 6. INFORMATION ON BORROWINGS

## (a) Borrowing repayments

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

Purpose	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	Actual	Budget	2018/19	2018/19	2018/19	Budget
	Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2020	Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Principal outstanding 30 June 2019	Principal 1 July 2018	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2019
		\$	\$	\$	\$		\$	\$	\$		\$	\$	\$	\$
<b>Governance</b>														
Loan 124 Onslow Administration Build Housing	687,879	0	43,127	22,415	644,752	729,613	41,734	25,568	687,879	729,613	0	41,734	23,808	687,879
<b>Housing</b>														
Loan 117 Staff Housing Plan	262,039	0	67,933	15,195	194,106	359,855	64,314	19,248	295,541	359,855	0	64,314	18,748	295,541
Loan 121 New Staff Housing Plan	474,796	0	302,814	32,798	171,982	909,491	285,514	49,369	623,977	909,491	0	285,515	50,098	623,976
<b>Community amenities</b>														
Loan 122 Onslow Transfer Station	1,880,191	0	313,936	60,309	1,566,255	2,340,444	304,485	74,117	2,035,959	2,340,444	0	304,485	69,759	2,035,959
<b>Recreation and culture</b>														
Loan 118 Recreation Centre Tom Price	20,973	0	20,973	610	0	611,156	40,183	2,850	570,973	61,156	0	40,183	2,983	20,973
<b>Transport</b>														
Loan 119 Onslow Aerodrome Upgrade	140,451	0	17,511	9,207	122,940	165,518	16,449	15,565	149,069	165,518	0	16,449	10,270	149,069
<b>Economic services</b>														
Loan 123 Onslow Underground Power	0	1,000,000	0	0	1,000,000	0	0	0	0	0	1,000,000	0	0	1,000,000
Loan 125 CHUB Paraburdoo	0	726,000	0	0	726,000	0	0	0	0	0	1,100,000	0	0	1,100,000
	3,466,329	1,726,000	766,294	140,534	4,426,034	5,116,077	752,679	186,717	4,363,398	4,566,077	2,100,000	752,680	175,666	5,913,397
	3,466,329	1,726,000	766,294	140,534	4,426,034	5,116,077	752,679	186,717	4,363,398	4,566,077	2,100,000	752,680	175,666	5,913,397

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
					\$	\$	\$	\$
Loan 123 Onslow Underground Power	WATC	Debenture	3	3.25%	1,000,000	0	0	1,000,000
Loan 125 CHUB Paraburdoo	WATC	Debenture	15	3.25%	726,000	0	0	726,000
					1,726,000	0	0	1,726,000

(c) Unspent borrowings

The Shire of Ashburton had no unspent borrowing funds as at 30th June 2019 nor is it expected to have unspent borrowing funds as at 30th June 2020.

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
<b>Undrawn borrowing facilities credit standby arrangements</b>			
Credit card limit	74,000	64,000	64,000
Credit card balance at balance date	0	(8,072)	0
<b>Total amount of credit unused</b>	74,000	55,928	64,000
<b>Loan facilities</b>			
Loan facilities in use at balance date	4,426,034	4,363,398	5,913,397

**SIGNIFICANT ACCOUNTING POLICIES**

**BORROWING COSTS**

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

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employee Entitlement	1,091,091	14,742	0	1,105,833	574,374	521,300	(4,583)	1,091,091	573,554	11,866	0	585,420
Financial Risk	7,977,185	141,509	(6,741,016)	1,377,678	6,500,000	6,203,672	(4,726,487)	7,977,185	6,500,000	6,053,177	0	12,553,177
Future Projects	2,743,065	46,975	(2,013,126)	776,914	1,664,756	1,086,084	(7,775)	2,743,065	1,656,342	34,266	(1,028,723)	661,885
Housing	1,418,600	25,249	(1,087,000)	356,849	1,263,232	1,048,693	(893,325)	1,418,600	1,260,972	26,087	(887,500)	399,559
Infrastructure	3,462,700	65,393	(2,800,130)	727,963	2,349,929	1,123,757	(10,986)	3,462,700	2,337,495	323,627	(1,781,421)	879,701
Joint Venture Housing	102,676	3,640	(100,000)	6,316	100,000	3,134	(458)	102,676	100,000	102,069	0	202,069
Onslow Aerodrome	14,706,010	220,141	(4,414,969)	10,511,182	13,282,757	3,446,837	(2,023,584)	14,706,010	13,251,706	434,149	(2,989,406)	10,696,449
Onslow Community Infrastructure	192,277	3,485	0	195,762	189,548	3,605	(876)	192,277	189,084	3,912	0	192,996
Plant Replacement	494,798	46,646	(512,000)	29,444	423,180	575,413	(503,795)	494,798	423,115	8,753	(407,500)	24,368
Property Development	2,639,332	47,894	(169,343)	2,517,883	2,601,062	50,298	(12,028)	2,639,332	2,594,495	963,605	(175,000)	3,383,100
RTIO Partnership	3,162,561	57,318	(1,243,451)	1,976,428	5,852,632	233,356	(2,923,427)	3,162,561	5,927,011	226,011	(3,483,084)	2,669,938
Tom Price Admin. Building	6,026,756	108,443	(100,000)	6,035,199	1,000,000	5,031,334	(4,578)	6,026,756	1,000,000	3,020,688	0	4,020,688
Unspent Grants	592,076	9,038	0	601,114	4,575,910	178,706	(4,162,540)	592,076	4,273,194	88,403	(4,208,336)	153,261
Waste Services	3,026,756	53,841	(737,184)	2,343,413	1,000,000	2,031,334	(4,578)	3,026,756	1,000,000	20,688	(520,000)	500,688
	47,635,883	844,314	(19,918,219)	28,561,978	41,377,380	21,537,523	(15,279,020)	47,635,883	41,086,968	11,317,301	(15,480,970)	36,923,299

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

Reserve name	Anticipated date of use	Purpose of the reserve
Employee Entitlement	Ongoing	To contribute towards funding the Council's liability for payments of employee benefits owing to staff and taken either as leave or paid upon termination of their employment.
Financial Risk	Ongoing	To provide funds to mitigate against Financial Risks including legal cases with penalties awarded against the Shire, SAT rulings upholding valuation objections on high value properties likely to cause significantly large refunds and other unknown events potentially resulting in financial loss to the Shire.
Future Projects	Ongoing	To Provide funds for Future Capital Projects determined in the Long Term Financial Plan.
Housing	Ongoing	To Provide funds to assist the Council to maintain and improve Council housing stock in accordance with the Housing Asset Management Plan.
Infrastructure	Ongoing	To Provide funds for provision and maintenance of new and existing infrastructure assets (Including Buildings) throughout the Shire.
Joint Venture Housing	Ongoing	To Provide funds for repairs and maintenance in compliance with Joint Venture Housing Agreements.
Onslow Aerodrome	Ongoing	To Provide funds for operational surpluses and deficits as well as the upgrading and modifications to the Onslow Aerodrome.
Onslow Community Infrastructure	Ongoing	To Provide funds for the development of community facilities in Onslow.
Plant Replacement	Ongoing	To Provide an optimum level of cash reserves for funding the Council heavy machinery replacement program on a five year rolling basis.
Property Development	Ongoing	To Provide funds to assist the Council in purchasing, developing and selling property to stimulate economic development.
RTIO Partnership	Ongoing	For the purpose of funding the projects and programs associated with partnership agreements between the Shire of Ashburton and Rio Tinto.
Tom Price Admin. Building	2022	To provide funds for replacement Tom Price Administration Building.
Unspent Grants	Ongoing	To preserve unspent Grant and ongoing Capital works Funds.
Waste Services	Ongoing	To provide funds for the upgrading and modifications to Waste Facilities within the Shire.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**8. FEES & CHARGES REVENUE**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
Governance	6,865	5,882	6,801
General purpose funding	13,798	12,082	13,027
Law, order, public safety	71,483	59,918	66,082
Health	73,291	87,814	71,854
Education and welfare	43,800	50,730	43,320
Housing	120,663	259,730	338,210
Community amenities	2,067,509	1,869,561	3,223,432
Recreation and culture	448,360	424,915	445,448
Transport	2,353,081	3,018,864	2,876,800
Economic services	918,432	1,152,097	1,073,359
Other property and services	10,924	0	10,710
	<b>6,128,206</b>	<b>6,941,593</b>	<b>8,169,043</b>

**9. GRANT REVENUE**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

**By Program:**

**Operating grants, subsidies and contributions**

Governance	430,000	12,726	513,103
General purpose funding	1,986,813	3,490,264	1,700,706
Law, order, public safety	0	62,424	51,930
Health	0	147,693	142,142
Housing	0	3,507	0
Community amenities	320,000	239,200	290,000
Recreation and culture	920,122	4,211,519	343,923
Transport	280,222	272,102	162,791
Economic services	0	18,517	39,409
Other property and services	0	10,031	34,251
	<b>3,937,157</b>	<b>8,467,983</b>	<b>3,278,255</b>

**Non-operating grants, subsidies and contributions**

Education and welfare	5,500,000	0	3,000,000
Community amenities	11,564,201	0	10,914,201
Recreation and culture	3,977,456	0	5,014,938
Transport	8,746,987	10,515,195	23,362,761
Economic services	1,177,661	0	52,661
	<b>30,966,305</b>	<b>10,515,195</b>	<b>42,344,561</b>



**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**11. MAJOR LAND TRANSACTIONS**

It is not anticipated any land transactions or major land transactions will occur in 2019/20.

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

Onslow Aerodrome

**(a) Details**

Councils objective is to maintain a safe landing airstrip and functional airport amenities conducive to the promotion of the district as a tourist and business destination.

Operating costs are met by landing fees charged. Annual surpluses are transferred to a cash reserve to finance future improvements to the facility.

**(b) Statement of Comprehensive Income**

	<b>2018/19 Actual</b>	<b>2019/20 Budget</b>	<b>2020/21 Forecast</b>	<b>2021/22 Forecast</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Fees and charges	3,029,555	2,250,328	2,845,335	3,952,241	5,181,286	6,434,912	7,713,610
	3,029,555	2,250,328	2,845,335	3,952,241	5,181,286	6,434,912	7,713,610
<b>Expenditure</b>							
Employee costs	(341,677)	(533,496)	(549,501)	(565,986)	(582,965)	(600,454)	(618,468)
Materials and contracts	(1,517,989)	(2,500,565)	(2,575,582)	(2,652,849)	(2,732,435)	(2,814,408)	(2,898,840)
Depreciation	(856,635)	(935,239)	(963,296)	(992,195)	(1,021,961)	(1,052,620)	(1,084,198)
	(2,716,301)	(3,969,300)	(4,088,379)	(4,211,030)	(4,337,361)	(4,467,482)	(4,601,507)
<b>NET OPERATING RESULT</b>	313,254	(1,718,972)	(1,243,044)	(258,789)	843,925	1,967,430	3,112,103
Capital Expenditure	(91,851)	(4,574,969)	(1,250,578)	(1,375,636)	(1,513,199)	(1,664,519)	(1,830,971)
<b>NET RESULT</b>	221,403	(6,293,941)	(2,493,622)	(1,634,425)	(669,275)	302,910	1,281,132



**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**13. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS**

It is not anticipated the Shire of Ashburton will be party to any Major Land Transactions or Trading Undertakings during 2019/20.

**14. INTERESTS IN JOINT ARRANGEMENTS**

The Shire of Ashburton has a joint venture arrangement with the Department of Communities Housing (Homeswest) in regards to rental accommodation for senior citizens who are eligible by virtue of their low personal income and their compliance with eligibility criteria adopted by Homeswest from time to time to rent public housing from Homeswest.

Address:	46 Second Avenue, Onslow, Pilbara 6710 - Carinya Units 1-5
Number of Dwellings:	5
Land Tenure:	Freehold Certificate of Title Volume 3042 Folio 6 Drawing No. 190235
Legal Arrangements:	Joint Venture Agreement dated 2nd August 1994 for fifty years from that date with an extension to be given upon request in writing for such further period of years as the Shire shall specify but not exceeding fifty years.
Equity:	
Department of Housing capital contribution	\$ 481,945
Shire of Ashburton capital contribution	\$ 126,754
Department of Housing percentage interest	79.18%
Shire of Ashburton percentage interest	29.82%

	2019/20 Budget	2018/19 Actual
	\$	\$
<b>Non-current assets</b>		
Plant and equipment	198,838	207,933
Less: accumulated depreciation	(8,697)	(9,095)
	190,141	198,838

**INTERESTS IN JOINT ARRANGEMENTS**

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

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

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

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**15. TRUST FUNDS**

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
BCITF Levy	537	80,685	(79,347)	1,875
BRB Levy	1,806	73,727	(70,370)	5,163
Cleaning / Key Bond Deposits	21,939	41,220	(29,175)	33,984
Nomination Deposits	320	0	0	320
Other Trusts	12,087	35,129	(39,501)	7,714
Bonds and Guarantees	64,146	5,967	(47,140)	22,973
Public Open Space	236,655	0	0	236,655
Consignment Stock Deposits	1,221	27,453	(26,316)	2,357
Tour Bookings Deposits	23,707	60,166	(53,852)	30,021
Unclaimed Trust Monies	8,085	94	0	8,179
	370,503	324,440	(345,702)	349,241

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020****16. SIGNIFICANT ACCOUNTING POLICIES - OTHER  
INFORMATION****GOODS AND SERVICES TAX (GST)**

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

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**ROUNDING OFF FIGURES**

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

**COMPARATIVE FIGURES**

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

**BUDGET COMPARATIVE FIGURES**

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

**REVENUE RECOGNITION**

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 17.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**17. SIGNIFICANT ACCOUNTING POLICIES - CHANGE  
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Shire of Ashburton adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Ashburton has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

**LEASES**

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Ashburton is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

**INCOME FOR NOT-FOR-PROFIT ENTITIES**

The Shire of Ashburton has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Ashburton has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount was recognised as a financial liability and no income was recognised by the Shire of Ashburton. When the taxable event occurs the financial liability is extinguished and the Shire of Ashburton recognises income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration that was significantly less than fair value principally to enable the Shire of Ashburton to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services have been recognised in budgeted revenue and budgeted expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.