

SHIRE OF EAST PILBARA
BUDGET
FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

"A diverse community thriving in a vast landscape that offers a world of opportunity and rich heritage and culture."

**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
		\$	\$	\$
Revenue				
Rates	1(a)	13,619,600	12,187,430	12,068,600
Operating grants, subsidies and contributions	9	5,691,200	5,824,686	5,084,100
Fees and charges	8	17,462,200	20,551,784	17,256,800
Interest earnings	10(a)	1,181,500	761,089	1,099,800
Other revenue	10(b)	934,000	1,262,779	865,100
		38,888,500	40,587,768	36,374,400
Expenses				
Employee costs		(14,117,150)	(12,079,785)	(12,848,700)
Materials and contracts		(14,651,750)	(11,704,549)	(14,033,100)
Utility charges		(2,299,800)	(1,671,972)	(1,803,500)
Depreciation on non-current assets	5	(16,549,200)	(17,387,187)	(16,758,400)
Interest expenses	10(d)	(386,000)	(328,706)	(333,300)
Insurance expenses		(986,400)	(954,245)	(1,018,700)
Other expenditure		(933,700)	(1,140,126)	(765,800)
		(49,924,000)	(45,266,570)	(47,561,500)
Subtotal				
		(11,035,500)	(4,678,802)	(11,187,100)
Non-operating grants, subsidies and contributions	9	5,647,200	4,964,819	4,695,700
Profit on asset disposals	4(b)	128,600	115,846	112,000
Loss on asset disposals	4(b)	(31,100)	(617,002)	(104,000)
		5,744,700	4,463,663	4,703,700
Net result				
		(5,290,800)	(215,139)	(6,483,400)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income				
		(5,290,800)	(215,139)	(6,483,400)

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 East Pilbara 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 12 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 14.

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
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		349,900	63,670	90,300
General purpose funding		16,043,600	14,778,045	14,354,400
Law, order, public safety		121,200	118,276	135,500
Health		90,000	84,754	70,200
Education and welfare		585,100	291,531	337,200
Housing		359,800	389,596	348,400
Community amenities		4,575,900	4,606,853	4,369,300
Recreation and culture		2,316,100	2,372,819	2,045,600
Transport		13,508,200	16,507,205	13,935,200
Economic services		733,700	465,731	460,700
Other property and services		205,000	997,553	227,600
		38,888,500	40,676,033	36,374,400
Expenses excluding finance costs	5,10(c)(e)(f)(g)			
Governance		(259,600)	(995,936)	(1,948,000)
General purpose funding		(486,500)	(1,148,280)	(524,400)
Law, order, public safety		(1,480,300)	(1,051,558)	(1,179,800)
Health		(694,900)	(614,327)	(699,000)
Education and welfare		(2,998,400)	(1,816,997)	(1,864,500)
Housing		(753,800)	(888,606)	(816,000)
Community amenities		(5,416,200)	(3,938,181)	(4,974,000)
Recreation and culture		(12,382,500)	(9,255,617)	(11,054,700)
Transport		(22,239,700)	(22,146,484)	(22,190,200)
Economic services		(2,123,700)	(1,927,820)	(1,700,700)
Other property and services		(702,400)	(1,154,057)	(276,900)
		(49,538,000)	(44,937,863)	(47,228,200)
Finance costs	6, 10(d)			
Governance		(7,300)	(13,676)	(14,000)
Education and welfare		(94,000)	(106,484)	(107,000)
Community amenities		(219,800)	(117,268)	(119,700)
Transport		(64,900)	(91,278)	(92,600)
		(386,000)	(328,706)	(333,300)
Subtotal		(11,035,500)	(4,590,536)	(11,187,100)
Non-operating grants, subsidies and contributions	9	5,647,200	4,964,819	4,695,700
Profit on disposal of assets	4(b)	128,600	115,846	112,000
(Loss) on disposal of assets	4(b)	(31,100)	(617,002)	(104,000)
		5,744,700	4,463,663	4,703,700
Net result		(5,290,800)	(126,873)	(6,483,400)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(5,290,800)	(126,873)	(6,483,400)

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's Community Vision, and for each of its broad activities/programs.

OBJECTIVE**GOVERNANCE**

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

ACTIVITIES

Members of council, general governance including administration, finance and other corporate services, computer administration and community liaison.

GENERAL PURPOSE FUNDING

to collect revenue to allow for the provision of services.

Rates, general purpose government grants, normalisation grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

Supervision of Local Laws, fire prevention, emergency services and animal control.

HEALTH

To provide an operational framework for environmental and community health.

Health inspection services, food and water quality control, mosquito control and public health.

EDUCATION AND WELFARE

To provide services to children and youth.

Community services and support and services for children and youth.

HOUSING

to provide and maintain staff and community housing.

Aged person housing, staff housing and community housing.

COMMUNITY AMENITIES

To provide services required to the community.

Rubbish collection services, maintenance of cemeteries and public toilets, the maintenance of the Newman Waste Water Treatment Plant and planning services.

RECREATION AND CULTURE

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

Maintenance of public halls, Newman and Marble Bar aquatic centres, Newman Recreation Centre, public parks and gardens, libraries and recreation services.

TRANSPORT

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

Construction and maintenance of roads, footpaths, drainage works, parking facilities, traffic signs, street lighting, depot operations, street cleaning and operation of the Newman airport and Marble Bar and Nullagine airstrips.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

Tourism support, building services and controls, caravan parks and bus services.

OTHER PROPERTY AND SERVICES

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

Private works carried out by the Shire and allocations to works and service of all salaries and wages, overheads and plant costs incurred. Miscellaneous unclassified areas.

**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
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		14,735,466	11,843,326	12,840,400
Operating grants, subsidies and contributions		4,973,453	4,470,466	5,084,100
Fees and charges		21,952,300	20,551,784	19,784,900
Interest earnings		1,181,500	761,089	994,500
Goods and services tax		783,684	70,238	667,200
Other revenue		934,000	1,262,779	865,100
		44,560,403	38,959,682	40,236,200
Payments				
Employee costs		(14,174,725)	(12,573,880)	(13,162,000)
Materials and contracts		(16,856,761)	(12,490,432)	(15,774,500)
Utility charges		(2,299,800)	(1,671,972)	(1,803,500)
Interest expenses		(427,875)	(328,705)	(333,300)
Insurance expenses		(986,400)	(954,245)	(1,018,700)
Goods and services tax		(700,000)	0	(700,000)
Other expenditure		(933,700)	(1,140,126)	(765,800)
		(36,379,261)	(29,159,360)	(33,557,800)
Net cash provided by (used in) operating activities	3	8,181,142	9,800,322	6,678,400
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(12,582,000)	(3,724,295)	(5,306,200)
Payments for construction of infrastructure	4(a)	(7,160,700)	(7,217,851)	(10,813,000)
Non-operating grants, subsidies and contributions used for the development of assets	9	5,647,200	4,964,819	4,695,700
Proceeds from sale of plant & equipment	4(b)	268,000	303,617	540,000
Proceeds from sale of infrastructure	4(b)	0	0	0
Net cash provided by (used in) investing activities		(13,827,500)	(5,673,710)	(10,883,500)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(1,149,900)	(947,906)	(947,900)
Proceeds from new borrowings	6(b)	5,500,000	0	0
Net cash provided by (used in) financing activities		4,350,100	(947,906)	(947,900)
Net increase (decrease) in cash held		(1,296,258)	3,178,706	(5,153,000)
Cash at beginning of year		47,079,259	43,812,287	43,727,200
Cash and cash equivalents at the end of the year	3	45,783,000	46,990,993	38,574,200

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
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	4,245,019	6,330,685	6,782,100
		4,245,019	6,330,685	6,782,100
Revenue from operating activities (excluding rates)				
Governance		349,900	63,670	93,200
General purpose funding		2,424,000	2,590,615	2,285,800
Law, order, public safety		121,200	118,276	135,500
Health		125,000	86,522	79,600
Education and welfare		585,100	291,531	337,200
Housing		359,800	389,596	348,400
Community amenities		4,575,900	4,606,853	4,369,300
Recreation and culture		2,316,100	2,372,819	2,045,600
Transport		13,566,800	16,525,697	14,018,200
Economic services		768,700	473,051	477,400
Other property and services		205,000	997,553	227,600
		25,397,500	28,516,183	24,417,800
Expenditure from operating activities				
Governance		(277,900)	(1,033,520)	(1,962,000)
General purpose funding		(486,500)	(1,148,280)	(526,300)
Law, order, public safety		(1,484,300)	(1,051,558)	(1,179,800)
Health		(694,900)	(614,327)	(699,000)
Education and welfare		(3,092,400)	(1,923,481)	(1,971,500)
Housing		(753,800)	(888,606)	(816,000)
Community amenities		(5,636,000)	(4,355,051)	(5,093,700)
Recreation and culture		(12,382,500)	(9,342,124)	(11,054,700)
Transport		(22,320,700)	(22,444,747)	(22,370,600)
Economic services		(2,123,700)	(1,927,820)	(1,715,000)
Other property and services		(702,400)	(1,154,057)	(276,900)
		(49,955,100)	(45,883,571)	(47,665,500)
Non-cash amounts excluded from operating activities	2 (b)(ii)	16,451,700	17,888,343	16,750,400
Amount attributable to operating activities		(3,860,881)	6,851,640	284,800
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	5,647,200	4,964,819	4,695,700
Purchase property, plant and equipment	4(a)	(12,582,000)	(3,724,295)	(5,306,200)
Purchase and construction of infrastructure	4(a)	(7,160,700)	(7,217,851)	(10,813,000)
Proceeds from disposal of assets	4(b)	268,000	303,617	540,000
Amount attributable to investing activities		(13,827,500)	(5,673,710)	(10,883,500)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(1,149,900)	(947,906)	(947,900)
Proceeds from new borrowings	6(b)	5,500,000	0	0
Transfers to cash backed reserves (restricted assets)	7(a)	(8,587,054)	(11,823,798)	(3,212,700)
Transfers from cash backed reserves (restricted assets)	7(a)	8,377,431	3,563,098	2,766,600
Amount attributable to financing activities		4,140,477	(9,208,606)	(1,394,000)
Budgeted deficiency before general rates		(13,547,904)	(8,030,675)	(11,992,700)
Estimated amount to be raised from general rates	1	13,619,600	12,187,430	12,068,600
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	71,696	4,156,755	75,900

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
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
General Rate	0.07366	2,038	75,679,273	5,045,943			5,045,943		
GRV - Industrial				0			0	235,261	234,800
GRV - Town Centre				0			0	270,018	270,000
GRV - Transient Workforce				0			0	1,683,170	1,683,200
GRV - Nullagine Townsite				0			0	15,230	15,200
GRV - Mixed Business				0			0	51,168	39,500
GRV - Other				0			0	2,345,300	2,369,000
Unimproved valuations									
UV - Pastoral / Special Leasese	0.08590	48	5,192,931	343,524			343,524	328,066	327,800
UV - Other / Mining	0.17180	1,102	40,926,959	7,031,252	395,000		7,426,252	6,674,291	6,544,200
Sub-Totals		3,188	121,799,163	12,420,719	395,000	0	12,815,719	11,602,504	11,483,700
Minimum	\$								
Minimum payment									
Gross rental valuations									
General Rate	663	688	2,199,824	456,144			456,144		
GRV - Industrial							0	15,249	15,200
GRV - Town Centre							0	5,304	5,300
GRV - Transient Workforce							0	0	0
GRV - Nullagine Townsite							0	5,300	5,300
GRV - Mixed Business							0	0	0
GRV - Other							0	424,983	425,000
Unimproved valuations									
UV - Pastoral / Special Leasese	230	22	9,867	5,060			5,060	5,290	5,300
UV - Other / Mining	430	797	869,468	342,710			342,710	128,800	128,800
Sub-Totals		1,507	3,079,159	803,914	0	0	803,914	584,926	584,900
		4,695	124,878,322	13,224,633	395,000	0	13,619,600	12,187,430	12,068,600

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

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.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment		0	0.0%	8.0%
Option two				
First Instalment			4.0%	8.0%
Second Instalment		15	4.0%	8.0%
Third Instalment		15	4.0%	8.0%
Fourth Instalment		15	4.0%	8.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	10,000	12,628	8,500
Instalment plan interest earned	18,000	17,349	15,300
Unpaid rates and service charge interest earned	50,000	123,417	90,000
	78,000	153,394	113,800

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) 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

Description	Characteristics	Objects	Reasons
UV - Mining Leases	This rate in the valuation dollar is applicable to mining related assessments and includes, although is not limited to, mining tenements, permits, drilling reservations, leases or licences held, extracting, processing or refining of minerals and the extraction, processing or refining of fuel sources.	The objective for this category aligns with the overall objective, and is the main source for the rating of properties with Unimproved Valuations, which is to provide for the shortfall in revenue required to enable Council to provide works and services in the coming financial year after taking into account all non-rate sources of revenue.	The reason of the proposed rate in the valuation dollar is to ensure that the proportion of total rate revenue derived from mining related activities reflects the financial impact associated with activities from these assessments, which is generally considered higher than other assessments.
UV - Pastoral / Other	This category applies to all properties that are rated using the Unimproved Valuation, and excludes any other properties also rated on this basis that are included in other Unimproved Valuation differential rating categories.	The objective for this category aligns with the overall objective which is to provide for the shortfall in revenue required to enable Council to provide works and services in the coming financial year after taking into account all non-rate sources of revenue.	The reason of the proposed rate in the valuation dollar is to ensure that the proportion of total rate revenue derived from pastoral and other lease activities reflects the financial impact associated with activities from these assessments, which is generally considered lower than other assessments.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
UV - Mining Leases	This rate in the valuation dollar is applicable to mining related assessments and includes, although is not limited to, mining tenements, permits, drilling reservations, leases or licences held, extracting, processing or refining of minerals and the extraction, processing or refining of fuel sources.	The objective for this category aligns with the overall objective, and is the main source for the rating of properties with Unimproved Valuations, which is to provide for the shortfall in revenue required to enable Council to provide works and services in the coming financial year after taking into account all non-rate sources of revenue.	The reason of the proposed rate in the valuation dollar is to ensure that the proportion of total rate revenue derived from mining related activities reflects the financial impact associated with activities from these assessments, which is generally considered higher than other assessments.
UV - Pastoral / Other	This category applies to all properties that are rated using the Unimproved Valuation, and excludes any other properties also rated on this basis that are included in other Unimproved Valuation differential rating categories.	The objective for this category aligns with the overall objective which is to provide for the shortfall in revenue required to enable Council to provide works and services in the coming financial year after taking into account all non-rate sources of revenue.	The reason of the proposed rate in the valuation dollar is to ensure that the proportion of total rate revenue derived from pastoral and other lease activities reflects the financial impact associated with activities from these assessments, which is generally considered lower than other assessments.

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.

(e) Service Charges

The Shire did not raise service charges for the year ended 30th June 2020.

(f) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
				\$	\$	\$		
GRV - Industrial	Concession	52.0%		493,078	0	0	All assessments within categories with the exception of minimums	To implement consistency to general rate through staged increases
GRV - Mixed Business	Concession	28.0%		28,065	0	0		
UV - Pastoral / Special	Concession	23.0%		102,549	0	0		
Rates and Penalty Interest	Write off	Amount as determined		270,000	632,833	9,200	As considered on an individual basis	To manage the Shire's rates register in an economically viable manner
				893,692	632,833	9,200		

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
		\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency					
Net current assets	2	43,705,175	47,970,096	47,970,096	36,698,394
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.					
Adjustments to net current assets					
Less: Cash - restricted reserves	3	(44,619,000)	(44,409,377)	(44,409,377)	(37,482,900)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		1,149,900	684,300	684,300	947,906
- Employee benefit provisions		119,000	0	0	
Add: Movement in provisions between current and non-current provisions		(283,379)	0	0	(87,500)
Adjusted net current assets - surplus/(deficit)		71,696	4,245,019	4,245,019	75,900
(ii) Operating activities excluded from budgeted deficiency					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
Adjustments to operating activities					
Less: Profit on asset disposals	4(b)	(128,600)	(115,846)	(115,846)	(112,000)
Add: Loss on disposal of assets	4(b)	31,100	617,002	617,002	104,000
Add: Depreciation on assets	5	16,549,200	17,387,187	17,387,187	16,758,400
Non cash amounts excluded from operating activities		16,451,700	17,888,343	17,888,343	16,750,400

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

The Shire 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 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 14 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's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

TRADE AND OTHER PAYABLES

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

CONTRACT ASSETS

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

PROVISIONS

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

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

INVENTORIES

General

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

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

Superannuation

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

All funds to which the Shire of East Pilbara 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 are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Shire of East Pilbara'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 East Pilbara'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 East Pilbara'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

Nil

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:

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	1,164,000	2,669,882	1,091,300
Cash - restricted	44,619,000	44,409,377	37,482,900
	45,783,000	47,079,259	38,574,200
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Alice Springs Road Reserve	119,000	213,699	113,400
Heavy Road Plant Reserve	1,656,700	2,445,921	2,453,500
Cape Keraudren Development Reserve	187,400	358,508	358,100
Computer Technology Reserve	454,300	540,855	522,300
Newman Recreation Centre Maintenance Reserve	0	126,811	153,400
Newman Sewerage Treatment Plant reserve	0	115,444	115,300
Newman Airport Reserve	32,122,000	29,802,690	23,854,100
Oval Lights Maintenance Reserve	0	12,799	12,700
Long Serve Leave Reserve	0	462,985	507,600
Recreation Facilities Maintenance Reserve	0	2,005,254	1,801,800
Staff Housing Reserve	0	1,154,133	1,151,000
Newman Town Centre Revitalisation Reserve	2,300	339,315	336,600
Waste Management Reserve	0	660,692	589,100
Public Art Reserve	125,600	123,195	123,000
Town Centre Public Toilet Reserve	0	0	1,000
Annual Leave Reserve	0	493,383	495,000
Royalties for Regions	0	0	(3,600)
Newman House Reserve	737,600	720,919	662,500
Public Building Reserve	2,224,400	2,361,107	2,055,700
Martumili Operations Reserve	843,800	1,097,269	909,900
Martumili Infrastructure Reserve	209,700	155,818	252,500
Future Infrastructure Reserve	1,647,700	1,194,365	993,700
Community Housing Reserve	0	24,215	24,300
Employee Entitlements	980,200	0	0
Staff and Community Housing	757,600	0	0
Waste Management Reserve	347,800	0	0
Recreation Facilities Maintenance Reserve	2,202,900	0	0
	44,619,000	44,409,377	37,482,900
Reconciliation of net cash provided by operating activities to net result			
Net result	(5,290,800)	(215,139)	(6,483,400)
Depreciation	16,549,200	17,387,187	16,758,400
(Profit)/loss on sale of asset	(97,500)	501,156	(8,000)
(Increase)/decrease in receivables	4,971,903	(1,628,086)	3,161,800
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	38,002	30,924	(114,700)
Increase/(decrease) in payables	(2,327,603)	(1,310,901)	(2,119,700)
Increase/(decrease) in contract liabilities	0	0	
Increase/(decrease) in employee provisions	(14,860)	0	179,700
Change in accounting policies transferred to retained surplus (refer to Note 14)	0	0	0
Grants/contributions for the development of assets	(5,647,200)	(4,964,819)	(4,695,700)
Net cash from operating activities	8,181,142	9,800,322	6,678,400

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.

Reporting program

Asset class	Reporting program									2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Governance	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>												
Buildings - non-specialised					1,039,600					1,039,600		
Buildings - specialised	190,000			220,000		50,000	142,000	400,000	750,000	1,752,000	2,118,617	2,954,900
Furniture and equipment	125,000					90,000	186,000	75,000		476,000	66,464	205,800
Plant and equipment	243,000	565,000	65,000			6,639,400		1,802,000		9,314,400	1,539,214	2,145,500
	558,000	565,000	65,000	220,000	1,039,600	6,779,400	328,000	2,277,000	750,000	12,582,000	3,724,295	5,306,200
<i>Infrastructure</i>												
Infrastructure - Roads								4,240,000		4,240,000	4,036,412	4,161,200
Infrastructure - Footpaths								150,000		150,000	0	75,000
Infrastructure - Drainage								950,000		950,000	841,236	1,078,000
Infrastructure - Parks and Gardens & Other Infrastructure							500,000	58,000	380,000	938,000	1,886,979	2,695,000
Infrastructure - Airport								882,700		882,700	453,224	2,803,800
	0	0	0	0	0	0	500,000	6,280,700	380,000	7,160,700	7,217,851	10,813,000
Total acquisitions	558,000	565,000	65,000	220,000	1,039,600	6,779,400	828,000	8,557,700	1,130,000	19,742,700	10,942,146	16,119,200

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

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	55,000	44,000	0	(11,000)	101,815	77,907	0	(23,908)	32,100	35,000	2,900	0
General Purpose Funding		0	0	0		0	0	0	26,900	25,000	0	(1,900)
Law, order, public safety	39,000	35,000	0	(4,000)		0	0	0		0	0	0
Health	0	35,000	35,000	0	20,798	22,566	1,768	0	17,600	27,000	9,400	0
Community amenities		0	0	0	299,602	0	0	(299,602)		0	0	0
Recreation and culture		0	0	0	86,507	0	0	(86,507)		0	0	0
Transport	76,500	119,000	58,600	(16,100)	358,868	170,375	18,492	(206,985)	390,800	386,000	83,000	(87,800)
Economic services	0	35,000	35,000	0	25,449	32,769	7,320	0	64,600	67,000	16,700	(14,300)
	170,500	268,000	128,600	(31,100)	893,039	303,617	27,580	(617,002)	532,000	540,000	112,000	(104,000)
By Class												
<u>Property, Plant and Equipment</u>												
Buildings - specialised		0			389,160	0		(389,160)		0		
Plant and equipment	170,500	268,000	128,600	(31,100)	417,372	303,617	27,580	(141,335)	532,000	540,000	112,000	(104,000)
<u>Infrastructure</u>												
Infrastructure - Parks and Gardens & Other Infrastructure		0			86,507	0	0	(86,507)		0		
	170,500	268,000	128,600	(31,100)	893,039	303,617	27,580	(617,002)	532,000	540,000	112,000	(104,000)

**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	503,300	471,673	445,100
Law, order, public safety	204,600	188,162	230,800
Health	26,700	24,247	27,700
Education and welfare	458,800	421,590	435,100
Housing	450,900	417,684	435,800
Community amenities	705,100	647,438	687,700
Recreation and culture	2,313,700	2,061,375	2,824,400
Transport	10,604,700	11,938,296	10,778,300
Economic services	699,700	641,803	248,500
Other property and services	581,700	574,917	645,000
	16,549,200	17,387,187	16,758,400

By Class

Buildings - non-specialised	500,000	494,865	129,600
Buildings - specialised	2,833,300	2,847,658	3,413,000
Furniture and equipment	276,000	255,180	245,000
Plant and equipment	1,478,400	1,418,745	1,563,500
Infrastructure - Roads	6,933,300	7,796,004	6,800,000
Infrastructure - Footpaths	345,900	388,964	339,300
Infrastructure - Drainage	265,300	298,259	260,200
Infrastructure - Parks and Gardens & Other Infrastructure	1,404,800	1,579,608	1,377,700
Infrastructure - Airport	2,512,200	2,307,904	2,630,100
	16,549,200	17,387,187	16,758,400

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 - non-specialised	40 years
Buildings - specialised	40 years
Furniture and equipment	3-5 years
Plant and equipment	3-10 years
Infrastructure - Roads	15-50 years
Infrastructure - Footpaths	20-50 years
Infrastructure - Drainage	25-50 years
Infrastructure - Parks and Gardens	20-50 years
Infrastructure - Airport	20-50 years

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	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 New loans	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
	\$	\$	\$	\$	\$		\$	\$	\$		\$	\$	\$	\$	\$
Governance															
Newman Office	117,082		117,100	7,300	(18)	227,453		110,371	13,676	117,082	227,500		110,400	14,000	117,100
Housing															
Staff Housing	282,059		88,100	19,600	193,959	364,725		82,666	24,818	282,059	364,700		82,700	25,000	282,000
Staff Housing	1,052,832		123,200	74,400	929,632	1,168,382		115,550	81,665	1,052,832	1,168,400		115,500	82,000	1,052,900
Community amenities															
Sewerage Plant	1,474,731		119,800	76,100	1,354,931	1,589,315		114,584	80,584	1,474,731	1,589,300		114,600	80,900	1,474,700
Sewerage Plant	913,063		89,600	36,200	823,463	1,000,000		86,937	36,685	913,063	1,000,000		86,900	38,800	913,100
Sewerage Plant	0	5,500,000	146,500	107,500	5,353,500					0					0
Transport															
Newman Airport	960,730		465,600	64,900	495,130	1,398,528		437,798	91,278	960,730	1,398,500		437,800	92,600	960,700
	4,800,497	5,500,000	1,149,900	386,000	9,150,597	5,748,403	0	947,906	328,706	4,800,497	5,748,400	0	947,900	333,300	4,800,500
	4,800,497	5,500,000	1,149,900	386,000	9,150,597	5,748,403	0	947,906	328,706	4,800,497	5,748,400	0	947,900	333,300	4,800,500

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

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
Newman Sewerage Plant	WA Treasury		15	3.0%	\$ 5,500,000	\$ 6,870,500	\$ 5,500,000	\$ 0
					5,500,000	6,870,500	5,500,000	0

(c) Unspent borrowings

The Shire 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
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit			
Bank overdraft at balance date			
Credit card limit	50,000	25,000	25,000
Credit card balance at balance date	0	11,760	0
Total amount of credit unused	50,000	36,760	25,000
Loan facilities			
Loan facilities in use at balance date	9,150,597	4,800,497	4,800,500

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Alice Springs Road Reserve	213,699	5,301	(100,000)	119,000	209,499	4,200	0	213,699	209,100	4,300	(100,000)	113,400
Heavy Road Plant Reserve	2,445,921	60,779	(850,000)	1,656,700	2,397,846	48,075	0	2,445,921	2,393,700	59,800	0	2,453,500
Cape Keraudren Development Rese	358,508	8,892	(180,000)	187,400	351,461	7,047	0	358,508	350,900	7,200	0	358,100
Computer Technology Reserve	540,855	13,445	(100,000)	454,300	461,600	79,255	0	540,855	460,800	61,500	0	522,300
Newman Recreation Centre Mainten	126,811	0	(126,811)	0	251,763	5,048	(130,000)	126,811	251,300	2,100	(100,000)	153,400
Newman Sewerage Treatment Plant	115,444	0	(115,444)	0	113,175	2,269	0	115,444	113,000	2,300	0	115,300
Newman Airport Reserve	29,802,690	2,755,010	(435,700)	32,122,000	21,700,603	9,308,885	(1,206,798)	29,802,690	22,664,100	1,702,400	(512,400)	23,854,100
Oval Lights Maintenance Reserve	12,799	0	(12,799)	0	139,992	2,807	(130,000)	12,799	139,800	2,900	(130,000)	12,700
Long Serve Leave Reserve	462,985	0	(462,985)	0	496,040	9,945	(43,000)	462,985	495,200	12,400	0	507,600
Recreation Facilities Maintenance R	2,005,254	0	(2,005,254)	0	2,152,106	43,148	(190,000)	2,005,254	2,148,400	23,400	(370,000)	1,801,800
Staff Housing Reserve	1,154,133	0	(1,154,133)	0	886,362	267,771	0	1,154,133	884,800	516,200	(250,000)	1,151,000
Newman Town Centre Revitalisation	339,315	0	(337,015)	2,300	332,646	6,669	0	339,315	332,100	4,500	0	336,600
Waste Management Reserve	660,692	0	(660,692)	0	1,137,878	22,814	(500,000)	660,692	1,135,900	23,200	(570,000)	589,100
Public Art Reserve	123,195	2,405	0	125,600	120,774	2,421	0	123,195	120,600	2,400	0	123,000
Town Centre Public Toilet Reserve	0	0	0	0	993		(993)	0	1,000	0	0	1,000
Annual Leave Reserve	493,383	0	(493,383)	0	483,685	9,698		493,383	482,900	12,100	0	495,000
Royalties for Regions	0	0	0	0	0	0	0	0	87,400	9,000	(100,000)	(3,600)
Newman House Reserve	720,919	16,681	0	737,600	657,732	63,187	0	720,919	656,600	58,900	(53,000)	662,500
Public Building Reserve	2,361,107	63,293	(200,000)	2,224,400	2,497,698	483,409	(620,000)	2,361,107	2,493,400	62,300	(500,000)	2,055,700
Martumili Operations Reserve	1,097,269	13,531	(267,000)	843,800	899,613	774,467	(576,811)	1,097,269	970,000	21,100	(81,200)	909,900
Martumili Infrastructure Reserve	155,818	53,882	0	209,700	152,755	168,559	(165,496)	155,818	152,500	100,000	0	252,500
Future Infrastructure Reserve	1,194,365	453,335	0	1,647,700	680,717	513,648	0	1,194,365	469,600	524,100	0	993,700
Community Housing Reserve	24,215	0	(24,215)	0	23,739	476		24,215	23,700	600	0	24,300
Employee Entitlements	0	980,200	0	980,200	0			0				0
Staff and Communtiy Housing	0	1,207,600	(450,000)	757,600	0			0				0
Waste Management Reserve	0	807,800	(460,000)	347,800	0			0				0
Recreation Facilities Maintenance R	0	2,144,900	58,000	2,202,900	0			0				0
	44,409,377	8,587,054	(8,377,431)	44,619,000	36,148,678	11,823,798	(3,563,098)	44,409,377	37,036,800	3,212,700	(2,766,600)	37,482,900

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve

Alice Springs Road Reserve	Ongoing	To establish a road link to Alice Springs from Marble Bar to the Northern Territory border
Heavy Road Plant Reserve	Ongoing	To fund the purchase of heavy plant that is needed for the operation of the Shire
Cape Keraudren Development Rese	Ongoing	For the maintenance, development & enhancement of the Cape Keraudren Reserve
Computer Technology Reserve	Ongoing	For the replacement, enhancement and upgrading of computer hardware and software
Newman Recreation Centre Mainten	Transferred	For the upgrading and enhancement and future extentions of the Newman Recreation Centre
Newman Sewerage Treatment Plant	Transferred	Transferred to Waste Management Reserve
Newman Airport Reserve	Ongoing	For the upgrading, maintenance and enhancement of the Newman Airport
Oval Lights Maintenance Reserve	Transferred	Transferred to Recreation Facilities Reserve
Long Serve Leave Reserve	Transferred	Transferred to Employee Entitlements Reserve
Recreation Facilities Maintenance R	Transferred	Transferred to Recreation Facilities Reserve
Staff Housing Reserve	Transferred	Transferred to Staff and Community Housing Reserve
Newman Town Centre Revitalisation	Closed	For the revitalisation, upgrade and maintenance of the Newman Town Centre Precinct
Waste Management Reserve	Transferred	Transferred to Waste Management Reserve
Public Art Reserve	Ongoing	For the development, maintenance & enhancement of Public Art within the three towns of the East Pilbara Shire
Town Centre Public Toilet Reserve	Closed	For the development, maintenance & enhancement of Town Centre Public Toilets
Annual Leave Reserve	Transferred	Transferred to Employee Entitlements Reserve
Royalties for Regions	Closed	To hold and utilise the allocation of the Royalties for Regions – Pilbara Revitalisation funds in accordance with funding legislation
Newman House Reserve	Ongoing	For the upgrading, maintenance and enhancement of Newman House.
Public Building Reserve	Ongoing	For the upgrading, maintenance and enhancement of Public Buildings.
Martumili Operations Reserve	Ongoing	To hold and utilise the allocation of Martumili's funds.
Martumili Infrastructure Reserve	Ongoing	For the upgrading, maintenance and enhancement of Martumili Buildings.
Future Infrastructure Reserve	20/21	For the development of new or replacement infrastructure with total project cost of greater than one (1) million dollars. (The reserve is not to be accessed until at least the 2020/2021 financial year.)
Community Housing Reserve	Closed	For the maintenance, upgrading and replacement of Community Housing.
Employee Entitlements	Ongoing	For the provision of annual leave and long service leave entitlements for the employees of the Shire
Staff and Communtiy Housing	Ongoing	For the upgrading and maintenance of staff housing and community housing assets
Waste Management Reserve	Ongoing	For the maintenance, upgrading and replacement of waste facilities within the Shire incuding plant and equipment associated with the treatment of sewage and the distribution of the treated product.
Recreation Facilities Maintenance R	Ongoing	For the upgrading and enhancement of all recreation facilities

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

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	5,000	11,001	22,400
General purpose funding	16,000	32,912	10,500
Law, order, public safety	48,200	44,021	52,500
Health	72,000	65,583	70,200
Education and welfare	2,700	258,488	6,700
Housing	291,000	328,191	237,200
Community amenities	4,372,200	4,409,719	4,203,100
Recreation and culture	717,500	670,045	837,400
Transport	11,660,500	14,375,334	11,466,000
Economic services	267,100	319,766	335,500
Other property and services	10,000	36,723	15,300
	17,462,200	20,551,784	17,256,800

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	250,000		
General purpose funding	2,250,000	2,384,949	2,040,000
Law, order, public safety	27,200	4,000	17,900
Health	18,000	18,171	0
Education and welfare	568,500	19,856	0
Community amenities	142,000	140,389	140,700
Recreation and culture	1,092,000	1,162,343	951,700
Transport	1,000,000	1,525,162	1,683,300
Economic services	110,000	107,528	118,000
	5,457,700	5,362,399	4,951,600

Non-operating grants, subsidies and contributions

Law, order, public safety	500,000	0	25,000
Recreation and culture	0	74,326	70,000
Transport	5,047,200	4,890,493	4,500,700
Economic services	100,000	0	100,000
	5,647,200	4,964,819	4,695,700

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

10. OTHER INFORMATION

	2019/20 Budget	2018/19 Actual	2018/19 Budget
The net result includes as revenues	\$	\$	\$
(a) Interest earnings			
Investments			
- Reserve funds	1,023,500	588,335	864,500
- Other funds	90,000	31,988	130,000
Other interest revenue (refer note 1b)	68,000	140,766	105,300
	1,181,500	761,089	1,099,800
(b) Other revenue			
Reimbursements and recoveries	934,000	1,262,779	865,100
	934,000	1,262,779	865,100
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	42,000	34,707	42,000
Other services	10,000	8,023	10,000
	52,000	42,730	52,000
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	386,000	328,706	333,300
Interest expense on lease liabilities			
	386,000	328,706	333,300
(e) Elected members remuneration			
Meeting fees	161,000	156,205	161,000
Mayor/President's allowance	21,600	21,600	21,600
Deputy Mayor/President's allowance	55,000	54,713	55,000
Travelling expenses	30,000	33,620	16,700
Telecommunications allowance	12,000	6,233	6,000
Members' Expenses Reimbursed	100	0	100
	279,700	272,371	260,400
(f) Write offs			
General rate	270,000	632,833	9,200
Fees and charges	25,000	4,475	18,400
	295,000	637,307	27,600

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

11. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS

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

12. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2019/20.

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

12. 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
	\$	\$	\$	\$
EPSC Social Club	(11,700)	(18,000)	20,000	(9,700)
EPSC Lotto Syndicate	(6,127)	(30,000)	35,000	(1,127)
Refreshments Trust	(776)	(2,000)	2,000	(776)
Niyiarparli Trust	(1,000)		1,000	0
FAO - Booking Bonds	(17,876)	(36,000)	50,000	(3,876)
Building & Road Side Kerbing Retention	(251,000)			(251,000)
Misc Bonds/Deposits	(1,800)		1,800	0
Recreation Centre Holding	(3,700)		3,700	0
Unclaimed Monies	(43,374)	(10,000)		(53,374)
Prepaid Swimming Pool Inspection	(61,100)	(10,000)	35,000	(36,100)
Martumilli Arts Trust Account	(258,264)			(258,264)
BRB Receipts	(62)		62	0
Public Open Space	(231,500)			(231,500)
Cash in Lieu of Parking	(526,724)	(600,000)	800,000	(326,724)
Dept Health Trust	(3,913)			(3,913)
Retention Monies Held	(144,177)		144,177	0
Floodworks to Telfer	(193,000)			(193,000)
Maintenance Bond	(26,795)			(26,795)
Martumili Unclaimed Monies	(18,944)	(2,000)		(20,944)
Tourist Assoc. - Souvenir Sales	(25)		25	0
	(1,801,856)	(708,000)	1,092,764	(1,417,092)

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

13. 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 14.

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

**14. 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 East Pilbara adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of East Pilbara 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 East Pilbara 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 East Pilbara 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 East Pilbara 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.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB as compared to AASB 1004 Contributions before the change:

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 East Pilbara. When the taxable event occurs the financial liability is extinguished and the Shire of East Pilbara 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 East Pilbara 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.