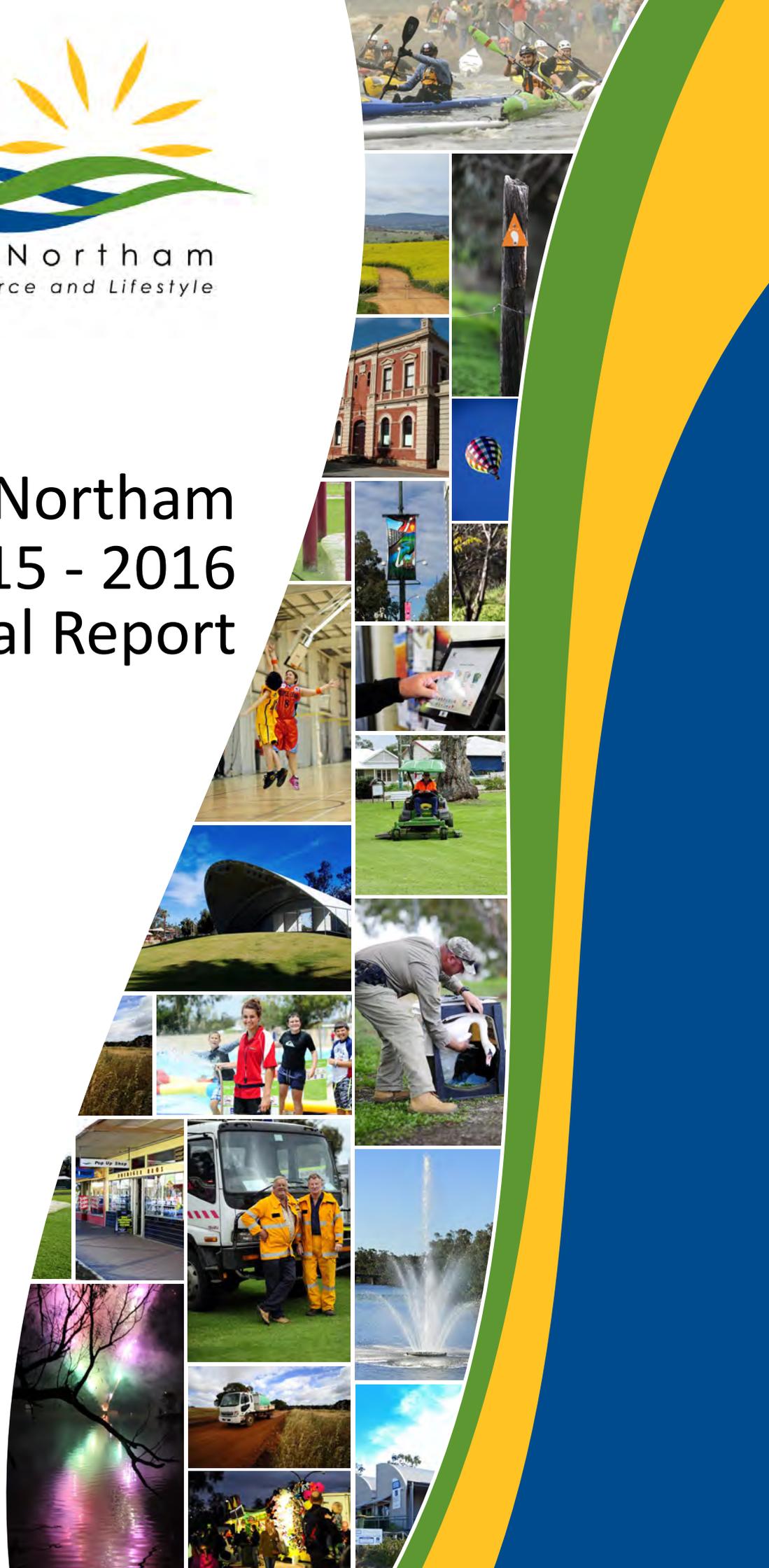




Shire of Northam  
*Heritage, Commerce and Lifestyle*

# Shire of Northam 2015 - 2016 Annual Report





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## Introduction

The annual report is a comprehensive (statutory) Council document which focuses on the immediately preceding financial year. The annual report is, therefore, principally a document of accountability which must include at least the prescribed information and subject to the availability of the auditor's report. The annual report must be accepted by the Council no later than 31 December after that financial year.

The Shire of Northam is located within the picturesque Avon Valley and comprises some 1,400 square kilometres. The western Shire boundary commences 60 kilometres east of Perth, with the townsite of Northam situated a further 35 kilometres to the east.

The Shire has a diverse cultural history which is valued by its community. The Avon River is strongly linked to the Aboriginal heritage and this continues to be acknowledged. European settlement commenced in the mid 1830s, and a diverse migration over time has resulted in a vibrant community base.

Whilst the Shire of Northam has historically been considered to have a mono economy based on agriculture, its economic base has been diversifying to include tourism, retail, manufacturing, light industrial and mineral resources, as well as an expanding service industry.

The Shire of Northam maintains a significant local road network, which link to the Great Eastern Highway that joins Perth with the eastern states. The town of Northam is serviced by both freight and passenger train services, as well as a bus service link to Perth.





## Message from the President

It has been a pleasure to work with the Council over the past year to ensure the best outcomes for all residents and ratepayers across the whole Shire. The October, 2015 elections saw 3 new Councillors elected being Cr Chris Davidson (west ward), Cr Chris Antonio (east ward) and Cr John Proud (town ward). With Cr Williams and Cr Tinetti re-elected to their central and town ward positions respectively.

I would like to farewell Cr Bert Llewellyn and Cr Kathy Saunders who did not seek re-election. Kathy served 8 years on Council including 4 as Deputy President with Bert serving on the previous Shire Council for 40 years and 7 on the new Shire. This is a tremendous contribution to the community and an organization in anyone's view. Bert was always a great supporter of the Shire and never failed to see the big picture over more local, parochial matters that sometimes surfaced. His long and eminent service was recognised in September 2015 with the presentation of a plaque made by the Wundowie Men's Shed.

I again thank each and every Councillor for their commitment to the Shire. Special thanks continue to go to the Deputy President of the Shire, Cr Terry Little, who has been of great value to me in fulfilling my role of President and his own role as our Deputy.

Mr Jason Whiteaker, Chief Executive Officer has been with us for almost 3 years now and there have been plenty of operational elements to address as he developed a culture of safety, openness, accountability and respect. Jason has a 5 year contract with us and we have annual key performance indicators in place to ensure the best possible outcomes for all Shire residents.

Over the past year, Council has been working towards achieving the desires of the community as expressed in Council's Community Strategic Plan 2012 – 2022. There are 6 key themes identified and each of these themes have been progressed during the year; some more so than others as resources permit.



The Shire had a number of priority capital works projects under way in 2015/16 with the progress being reported on in this report. Our usual roads and footpaths capital works programs were budgeted to cost just under \$4m. We have continued to place an emphasis on our rural road network, as issues arising from maintenance levels has become more evident.

We have started to see a number of developments in the 2015/16 period being undertaken and progressed by both the private and public sector. This includes the demolition of the old hospital to cater for a new shopping centre and also the proposal for a Dome Cafe. In the public sector, works include an upgrade to the Northam Hospital and a rebuild of the Avon Bridge. These investment decisions I see as a direct benefit of the SuperTowns program and a sign of business confidence in the Shire of Northam.

**Cr Steve Pollard**  
**Shire President**

**Introducing our Elected Members**

The next Council elections are to be held in October 2017.



**Cr Chris Davidson**  
West Ward



**Cr Terry Little**  
Deputy Shire President  
West Ward



**Cr Chris Antonio**  
East Ward



**Cr Julie Williams**  
Central Ward



**Cr Ulo Rumjantsev**  
Central Ward



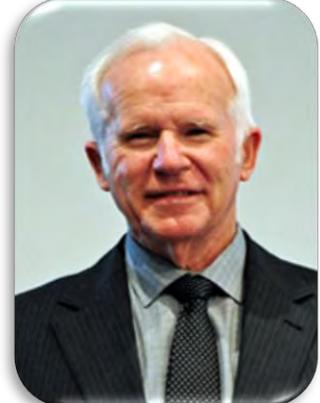
**Cr Des Hughes**  
Town Ward



**Cr John Proud**  
Town Ward



**Cr Rob Tinetti**  
Town Ward



**Cr Denis Beresford**  
Town Ward

### Message from Chief Executive Officer



It is with pleasure that I provide this short message on the past twelve months for the Shire of Northam.

Northam is in a fortunate position with over \$120m in investment being committed to the area. Importantly the

investment is a mix of private and Government spend. This investment includes medical facilities such as an expanded hospital and relocated St John Ambulance depot, a new shopping centre, a redevelopment of the existing shopping centre, a range of CBD retail projects such as DOME Café, the Wine Bar and car wash. Council is well progressed with the development of an Aboriginal & Environmental Centre. In addition, a decision late in the year provided an approval to seek funding to relocate the Northam swimming pool to the recreation centre precinct.

It is encouraging and exciting to see the investment which has been committed over the past 12 to 18 months. However perhaps more importantly we are continuing to see strong interest from investors into the Shire of Northam.

From an organisational perspective I would like to thank the staff, led by the Executive Management Team for their efforts over the past twelve months. Their leadership and support is critical to the ongoing success of our organisation. We have put together a very good team of staff who are doing their absolute best to deliver on both Council and community expectations. Encouragingly we are now well positioned to retain our staff which is showing with our turnover rate dropping to within our target range. It is hard to imagine how difficult it was 3 or 4

years ago when annual turnover was in excess of 35%. It is now less than 20% and reducing each year.

Our organisational focus on safety has continued and whilst we are unable to match our Zero Lost Time Injuries of 2014/15 we still had a result which achieved our benchmark. The staff are embracing and establishing our aim of being a Safe, Open, Accountable and Respectful organisation which is pleasing. Having a strong, albeit developing culture, allows us to focus more of our energy on providing strong customer service and positive outcomes for the community.

Our commitment to customer service has continued in 2015/16. This is an area of constant focus as we look to improve on a poor perception in the community. Some of the initiatives we have introduced include extensive staff training, community meetings in the smaller localities of Wundowie, Bakers Hill and Grass Valley and an extended online presence. Our customer request system has certainly improved, however we understand the need for this improvement to continue as a result of the high expectations of our community.

The staff continues to work strongly with the elected Council, with a very positive relationship existing of mutual respect and appreciation. It is critical that the elected Council and staff have a strong and positive relationship and from this perspective it is pleasing that the Shire of Northam is all moving in one strong direction.

I am extremely confident in the direction of both our organisation and the Shire of Northam community. The next few years certainly look to be exciting and whilst we will no doubt have our challenges along the way we are well positioned to deal with these in a positive and proactive way.

**Jason Whiteaker**  
**Chief Executive Officer**

**Introducing our Executive Staff**



**Mr Chadd Hunt**  
Executive Manager Development Services



**Mr Ross Rayson**  
Executive Manager Community Services



**Mr Colin Young**  
Executive Manager Corporate Services



**Mr Clinton Kleynhans**  
Executive Manager Engineering Services



**Progress against Strategic Community Plan**

**Our Vision**

*Shire of Northam is a vibrant growing community that is safe, caring and inclusive. We are recognised as a community that values our heritage, preserves our environment and promotes our commerce.*

In order to achieve this Vision, the Council will commit to display;

**LEADERSHIP**

*To recognise the community's expectations to provide leadership*

**RESPECT**

*To respect differences in age, culture, values and opinion*

**TEAMWORK**

*To achieve through the efforts of the team*

**EXCELLENCE**

*To aspire to one standard*

**OPENNESS**

*To engender trust through openness*

*Our cultural change emblem which includes an acronym of the values and behaviours we want embedded in our culture will remind us to soar high in our aspirations and work together as an organisation to achieve them.*

**Our Mission**

*To deliver responsive, sustainable services in a manner that preserves and enhances our environment and lifestyle whilst respecting our heritage and facilitating economic growth.*

In order to achieve this Mission, the Organisation will commit to being;

**SAFE**

*Focus on importance of safety in the organisation*

**OPEN**

*Engage in two way communication, with transparency and trust*

**ACCOUNTABLE**

*Know what you are responsible for, take ownership and deliver accordingly*

**RESPECTFUL**

*Demonstrate respect for other's skills, knowledge and differing value systems*





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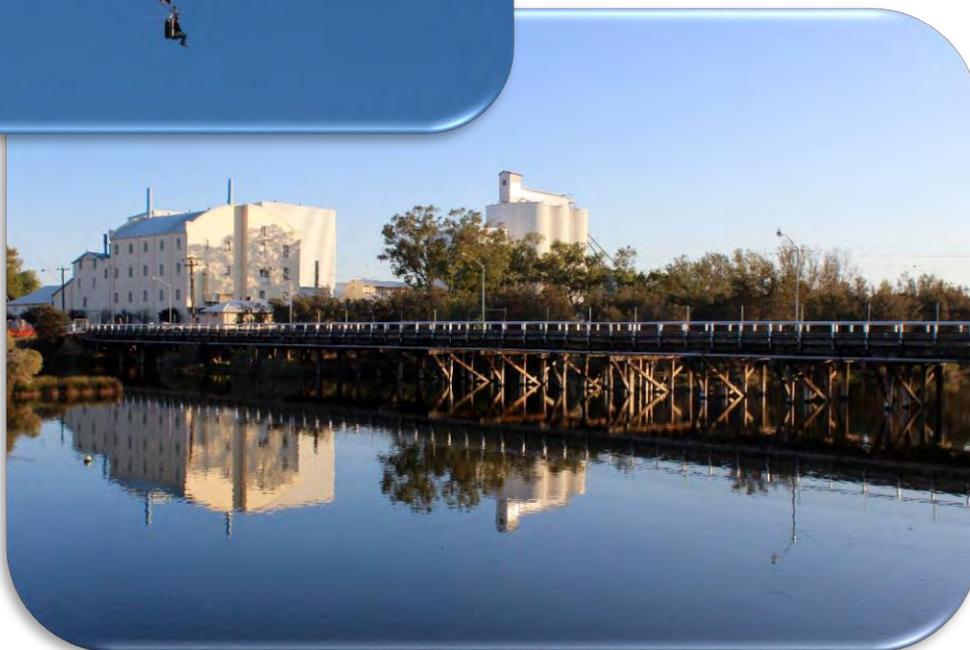
The Shire of Northam’s current Strategic Plan has been developed in accordance with Integrated Planning and Reporting Framework and Guidelines and integrates the community’s aspirations in its development, review and implementation. The plan also takes into consideration previous research and planning documents, including the Shire of Northam Plan for the Future, the Northam Regional Centre Growth Plan, Northam Strategic Waste Minimisation Plan, and most importantly the Looking to 2022 Shire of Northam Engagement Report.

The Shire of Northam undertook an intensive and varied community engagement program between December 2011 and April 2012. Members of the public were encouraged to put forward their views, expectations and aspirations for their community heading toward 2022.

Community aspirations as identified through an engagement process has been given major consideration in the development of the Shire of Northam Strategic Community Plan. Council has also given consideration to anticipated population growth and the associated demands this will place on its services, as well as key economic and environmental drivers. Similarly, State and Federal policy and planning has played its role, particularly in relation to the aspirations of Northam as a sub-regional centre, with the Northam town site’s population anticipated to grow significantly as a result of the SuperTown initiatives.

Most significantly, the plan aspires to recognise the needs of all of the Shire’s settlement areas and to enable the development of infrastructure and services to meet the needs of each locality. This Strategic Community Plan reflects the collaborative approach where people in each township and rural locality in the Shire, elected members and Shire staff have come together to discuss what people value, what they are looking for in the future and what needs to be done to achieve that.

The following sections are provided as an overview of the performance of the Shire of Northam against the Strategic Community Plan key outcome areas;





# Governance





**Administration Building Office**

To provide a better working environment and get maximum practical use out of the floor area available, the finance area of the building has been remodelled.

This included the construction of 2 offices for the Executive Manager Corporate Services and the Human Resources Coordinator.

**Customer Service**

In February-March 2015, Council engaged CATALYSE® to undertake the Community Perceptions Survey for the Shire of Northam. This survey identified issues and concerns of the community around Council’s customer service, this includes;

- \* Acknowledgement of emails that have been sent to the Shire Office.
- \* Customer service in all aspects.
- \* Elimination of defensive responses when challenged on issues.
- \* Prompt attention to ratepayer’s complaints, especially when it is a safety issue.

In response to the issues raised the Shire of Northam developed a Customer Service Charter which provides the guidelines for Shire Officers to follow. On 20 April 2016 the Customer Service Charter was adopted by Council and has been placed on our website and in the Administration Centre.



Council held a number of community meetings in Bakers Hill, Wundowie and Northam during the 2015/16 period. The purpose of the meetings were to inform and consult with the residents, business owners, community groups and industry professionals within the Shire.

The Chief Executive Officer and Executive Managers attended the meetings with a number of Councillors.

At each meeting, a Council update was provided in respect to what is occurring or planned to occur in the area and information regarding the Shire’s community planning, including the introduction of the community plans and our intention to review them.

At the conclusion of the update, the meetings were opened up to provide people with the opportunity to ask the Council questions or make any presentations. A number of questions and issues were raised by community members at the meetings and where possible were responded to at the meeting. Issues that were raised and that required attention and/or further investigation were recorded in the Council Customer Request system to be actioned in accordance with Council’s process.





Council’s Planning Policy LPP 15 – Use of Sea Containers and Other Similar Storage Structures was reviewed and adopted by Council on 17 February 2016. Further to this, Council adopted two additional planning policies being;

- \* LPP 19 – Residential Design Guidelines for the Rural Residential and Rural Smallholding Zones , adopted on 16 March 2016; and
- \* LPP 20 – Advertising of Planning Policies, adopted on 20 April 2016.

**Review of Finance Policies**

Council’s finance policies were also reviewed and the revised policies were endorsed by Council at its meeting held on 18 May 2016.

**Review of Health Policies**

Staff commenced the development of a policy for Trading on Thoroughfares and Public Places. This was presented to Council on 15 June 2016 however the matter was deferred for wider consultation with the community to occur. Staff will be scheduling workshops with Council and progressing with this matter in the 2016/17 financial year.

**Review of HR / OSH Policies**

The implementation of articulate HR and OSH policies and procedures has been instrumental in establishing guidelines for all staff. Our recently created Workplace Guidelines encompass all of these documents and will be a valuable source of information moving forward.

Also housed within these guidelines is the Attraction and Retention Strategy which has been subject to review as part of the compilation process. The Shire of Northam is committed to attracting and retaining employees of the highest quality, and in order to do this we recognise the importance of providing a work environment that is safe, open, accountable and



respectful. We believe that the provision of such an environment at the Shire of Northam will result in our organisation being able to attract and retain quality employees. Our Corporate Values underpin all that we are striving to achieve in both attracting and retaining quality staff. A major focus has been placed on recruitment, with recruitment technique training for Supervisors being scheduled for later in the year.

As part of the strategy the Shire of Northam is constantly striving to improve the Health and Wellbeing package which is available to all staff. Following on from the huge success of last year’s 12 week fitness programme, the Council has launched a subsequent package which is entitled Positive Pulse. This programme will give staff access to a personal mentor and fitness classes for a 12 week period.

The Workplace Guidelines enable the Executive Team to communicate values and expectations as well as ensuring compliance in all areas of both safety and people management. Whilst being a central information point, the guidelines work in conjunction with our process mapping system by giving reference to established processes within the Promapp database.

These Workplace Guidelines are readily available to all staff and will remain a living document, with regular updates resulting from Legislation changes, Executive direction and staff feedback.

During 2015/16 all staff attended customer service training which focused on emotional intelligence and the importance of accepting people’s differing cultural beliefs. Managers and Supervisors also attended a series of training sessions relating to Operational Leadership.

During these sessions staff they were reminded of the importance of following HR procedures and



were provided with tools to assist them in having difficult but essential conversations.

**UV to GRV Review**

Council continued the process for undertaking a review of the method of valuation to be used by the Shire for rating purposes. Whilst the Valuer General provides the GRV and UV valuations, the Shire is responsible for ensuring the appropriate method (either GRV or UV) are used to calculate the rates. All affected households were notified of the changes and invited to make submissions accordingly.

Council at its meeting on 19 August 2015 endorsed to apply to the Minister of Local Government to change the method of valuations as per the review undertaken. The revised method of valuation for the properties reviewed will be implemented in the 2016/17 financial year.

**Communication Plan**

The Shire of Northam is committed to establishing and maintaining effective two-way communications with residents, ratepayers, local businesses, community groups and visitors to the region, as well as staff and their families.

Primary recommendations to improve Council community engagement emanating from the recent Community Perceptions Survey was for Council to develop a Corporate Communications Plan that addresses three key areas:

1. What message does the Shire want to create?
2. Who is the Shire communicating with?
3. What is the best way to reach and engage people?

The Communication Plan being developed is aiming to implement this recommendation, and most importantly, to improve communication between Council and its stakeholders. The latter will be evaluated through repeated Customer Perception Surveys to monitor changes in customer assessment over time.

**Corporate Business Plan**

The Shire of Northam reviews its Corporate Business Plan annually. As a result of the 2016 review the following changes / adjustments have been made;

- \* Adjustment to areas of responsibility/accountability resulting from staff structure adjustments and realignment;
- \* Addition of 2019/20 year and associated actions;
- \* Adjustment to project management framework; and
- \* Addition of actions which are to be undertaken in accordance with endorsed plan / strategies of Council

**Health and Safety**

A major focus throughout 2015/16 has been the provision of health and safety advice to both Managers and staff. 2015/16 saw the launch of revised OSH documentation in the form of a Hazard Report, Near Miss, Incident & Injury Report, Safe Work Method Statement and tailored Safety Inspection Checklists. By simplifying the forms, together with the provision of hazard identification and reporting training, we have not only raised awareness of the importance of safety reporting procedures, but have also made the procedure more user friendly.

CEO Jason Whiteaker took time out of his busy schedule to spend a day with the Parks & Gardens crew in 2015/16. The aim of this exercise was not only to gain an understanding of what hurdles they face, but to also learn how the people on the ground overcome these hurdles whilst maintaining a high level of safety.





In June 2016 Council invited our insurers LGIS to carry out an OSH audit in an attempt to measure how far we have progressed in the safety field since the last audit in 2014. With a previous result of 28%, the hard work of staff over the last two years was reflected with a much improved result of 67%. Whilst this is an excellent scoring improvement our main focus is on the safety of staff, which has undoubtedly been improved during 2015/16.

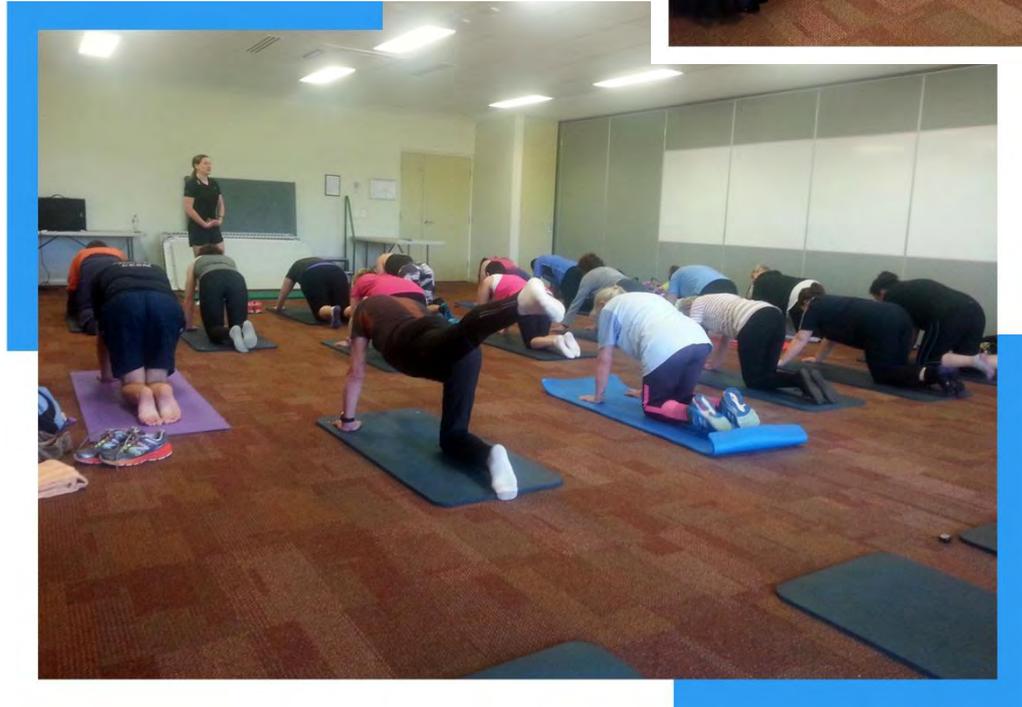
**Fitness for Work**

The assessment of fitness for work is defined as the evaluation of a worker's capacity to work without risk to their own or others health and safety. A revised comprehensive policy has been encompassed within the Workplace Guidelines, and the HR department has worked closely with Managers and Executive Managers throughout the year providing both advice and support.

Injury management has also been in the spotlight with HR providing guidance to Supervisors on a case to case basis. On some occasions staff return to work after an injury subject to certain conditions. The HR department have been instrumental in ensuring the smooth transition to full health whilst also ensuring that compliance is upheld in each case.

**Workforce Plan**

When the Strategic Workforce Plan was created in 2013, much of its contents were based on a staff satisfaction survey which was carried out in conjunction with consultants LG People. The Executive team have made a conscious decision to conduct a further staff satisfaction survey in late 2016 which will provide further feedback on which to base the next revision of the existing plan.





### Governance – Key Performance Indicators

Performance Area	Key Performance Indicator	Formula	Target	Actual
Accountability & Leadership	Community Satisfaction with Council Communications	Biennial Community Survey (2014, 2016, 2018 etc)	75%	48%
Corporate Management	Safety - Lost Time Injury Frequency Rate	Number of lost time injuries x 1,000,000 / Total hours worked	<15	10.1
	Staff turnover rate	Number of staff separations* / Total number of staff (less casual and Council instigated)	<20%	18%
Organisational Capacity & Capability	Debt Servicing - This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan	Annual Operating Surplus BEFORE Interest and Depreciation / Principal and Interest	>4	7.20%
	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past year's transactions	Current Assets MINUS Restricted Assets Current Liabilities MINUS Liabilities Associated with Restricted Assets	1:1 (100% or greater)	1.55
	Percentage of elements identified within the annual Department of Local Government Audit Return identified as being complied with by the Shire of Northam	# of Audit elements complied with x 100 / Total number Audit elements Compliance audit for the period 1st January to 31st December against the requirements of the Compliance Audit Return	≥90%	94.81%



# Community





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### Library Services

Each year public libraries are requested to provide the State Library of Western Australia with an assortment of annual statistics. These statistics provide valuable information into library trends and futures.

The Northam and Wundowie Library statistics have shown a marked growth in memberships and lending trends. A number of reasons have attributed to this growth including the implementation of a variety of interactive workshops and programs facilitated by library staff and external groups.

The Radio Frequency Identification Unit (RFID) introduced to the Library at the beginning of the year provides members with the opportunity to issue, return and review their account autonomously. This is proving to be an overwhelming success with patrons of all ages.

Earlier in the year the Northam Library received a generous donation from Mandurah Muskateers of seven reconditioned computers for the public area. With the added advantage of WiFi access for computing and printing, traffic through the Library has noticeably risen reflecting an increase of Library membership. Records show in excess of 600 patrons per month are utilising the public computers with approximately 300 accessing the free Library Wifi facility from individual electronic devices during the same period.

***Providing a sustainable Library future.***



During May 2016 Northam Library presented a Library Futures information session to the Shire CEO and Executives. The presentation focused on total inclusion with the Library as the hub showcasing a variety of services including educational workshops, events, presentations, author talks, school partnership programs, training and as a social meeting place for the sharing of knowledge and ideas. Libraries evolve through coordinated, sustainable and effective shared activities, whilst balancing the needs of an inclusive society.

***Providing a maintainable Library future.***





### **Wundowie Kuringal Unit 7**

The Kuringal units were constructed in 1996 and are due for some significant maintenance.

This unit has been completely renovated which included kitchen cupboards, non-slip flooring, painting and tiling. It is also intended to paint the exterior of the entire complex.



### **Inkpen Fire Services Building**

This building was funded from an Emergency Services Levy (ESL) grant.

The building has facilities suitable for providing training courses and also includes parking for 2 vehicles, meeting room, kitchen, communications room and 2 bathrooms.

The site is remote, requiring the building to be self-sufficient. Water is supplied from a rainwater tank and pump. Electricity is supplied from a generator and waste water is disposed of in a septic system. Landscaping, retaining walls and parking area was also included in the project.

The project was completed on time and to a high standard.

### **Building Maintenance**

General building maintenance for a number of buildings and facilities belonging to the Shire of Northam was undertaken, this includes;

- \* Maintenance plans and budgets
- \* Tenders for projects, cleaning and preferred trades
- \* Regular servicing of fire equipment, vermin baiting, exit signs, air conditioning units, white ants, gutter cleaning and electrical tag and test
- \* Grant applications and acquittals
- \* Insurance claims and acquittals
- \* Security and after hours call outs
- \* CCTV projects and maintenance

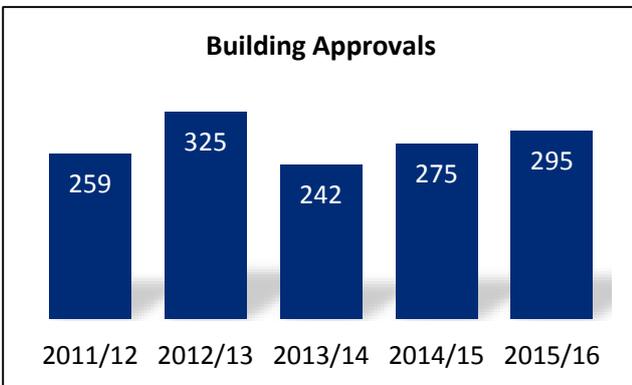
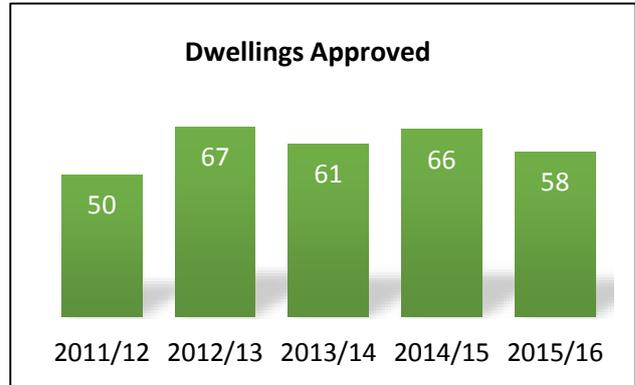




**Building Services**

Building Services approved 295 applications for the 2015/16 financial year. These approvals consisted of 58 new dwellings, 17 swimming pools, 15 addition/alterations, 62 outbuildings, 16 demolitions, 10 occupancy permits for commercial buildings and 137 other building types.

The approved applications consisted of 156 uncertified, 86 certified, 16 demolitions & 37 other types of applications



Legislation requires the Shire to perform inspections of pool barriers every four years and we currently have 485 registered pools. Building Services is continuing to perform inspections of private swimming pool barriers and has performed 178 inspections within the 2015/2016 year.

Once again the number of approvals has increased slightly from the previous year. The majority of applications are smaller projects such as outbuildings and patios, however there have been a few projects on a larger scale. The Wine Bar on Minson Avenue and the Car Wash on the corner of Newcastle and Mitchell Avenue have both been approved and the building works for both buildings is progressing. Fresh Start have had some of the buildings at the facility located at Spencers Brook formalised and the demolition of the old hospital was approved with the demolition of the main building occurring in August 2016.





**Recreation Facilities Master Plan**

As part of the community plan, a consultant was engaged to produce a Recreation Facilities Master Plan for the Shire. This involved an extensive consultation process with the Councillors, staff, community groups and Northam residents. Once the final report is received early in the next financial year, council will review the recommendations and prepare an action plan.

**Swimming Pools**

Both swimming pools were again very popular with over 30,000 attendances at the Northam Pool and 10,000 attendances at the Wundowie Pool. The infant swim school program was a new initiative at the Northam Pool and that proved to be very popular. This program will aim for expansion in the new season.

As a result of continuing maintenance problems with the Northam Pool, and the condition assessment of the pool previously undertaken, a community survey on options for pool redevelopment was undertaken. As a result of this survey, Council has agreed to investigate design and funding options for the construction of a new 50 metre outdoor pool, leisure pools and associated infrastructure at the Northam Recreation Centre. The planning for this has commenced with a final decision to be made in March 2017.

The Northam Recreation Centre hosted several sporting competitions through the year, both social and through the associations.

Both the Netball and Basketball Associations recorded successful years, with each group reporting a growth in team numbers since moving to the Recreation Centre when it opened. The social sports programme saw a number of different sports trialled including floorball, netball, volleyball, basketball, futsal soccer and badminton. Floorball was the most successful. Social sports continues to be on the increase in popularity.

In addition, active aging was targeted through the seniors program that saw walking groups, carpet bowls, and mental health programs initiated. This culminated in the initiation of the Department of Sport and Recreation sponsored SilverSport program to run in the 2016/17 financial year. This program provides funding for senior residents to participate in active sport and recreation pursuits.

**Sport Programs**





#### Recreation Centre Facility Management Group

In the February meeting of the facility management group, the decision was made to wind up the group as it had served its purpose of providing input into the establishment of the Northam Recreation Centre. As the group had no further purpose, the group was disbanded with the ability to reconvene it to meet for special considerations.

#### Youth Space

Council has funding to undertake a feasibility study for the Northam Youth Precinct. The study is aimed at identifying the most appropriate location, as well as proposed infrastructure, to be part of the Youth Space. Council has budgeted funds in 2016/17 to commence construction of the Youth Precinct once the feasibility study has been completed.

In 2015/16 the Shire of Northam completed the Wundowie Skate Park. This project was supported by the Department of Sport and Recreation and LotteryWest. A number of youth events have been held at the new facility and it is proving to engage a large number of local young people. The Shire will continue to liaise with the young people and community members from Wundowie to further develop youth engagement initiatives.



#### Art Collection Committee

The Shire's Art Collection Management Committee's main role is to make recommendations to Council in regard to:

- \* Care of the collection
- \* Suitable locations for the display of the collection
- \* Acquisition/disposal of works from the Shires collection
- \* Policy changes relating to the future direction of the collection

The Committee has arranged hanging rails in some council facilities such as Council Administration and Northam Library for display of the collection, and has commenced an audit of the collection with the aim of having the collection valued in the next financial year. A number of new pieces were acquired during the year, both from donations and the Northam art prize. The total pieces in the collection now exceeds 120.



Information on the collection is also being collated to be included on the Council website.

**Aged Care - Killara Centre**

The Killara Adult Day Care and Respite Centre (Killara) provides services for the frail aged and people with disabilities and their Carer’s, offering a variety of programs aimed at supporting clients to maintain their independence. Programs based at Killara are run daily and provide:

- \* Social activities promoting wellness
- \* Daily respite
- \* Overnight respite
- \* A weekly morning men’s group
- \* A weekly meeting for young adults with a disability

**Municipal Heritage Inventory**

This document is a survey of heritage places in the Shire of Northam. This project commenced in the 2015/16 financial year and will continue into the 2016/17 financial year.

**CBD Heritage Grant**

The Shire of Northam announced a new round of grant funding developed to assist property owners within the Northam CBD in order to enhance the appearance of their buildings. As part of an overall strategy to enhance the appeal of the CBD, the Shire of Northam is providing dollar for dollar financial assistance for property owners within the CBD. While the main focus is initially how buildings ‘address’ Fitzgerald Street and Minson Avenue, all commercial properties within the designated



- \* A weekly day centre program at Wundowie

As well as programs based at the centre, Killara also hosts a men’s group, mixed group outings, lunch outings for small groups, and a quarterly Carer’s Group Meeting.

Young adults with a disability participate in the ‘Count Me In’ inclusion program; run in conjunction with Recreation services. This has been very successful and will continue in the following financial year.

The Killara Day Centre continues at Wundowie with some modifications to incorporate Northam services to bring a more social aspect to their group.

CBD are able to make application for the funding.

**Aboriginal and Environmental Interpretive Centre**

The Aboriginal and Environmental Interpretive Centre progressed with Council appointing Iredale, Pederson Hook architects to undertake architectural design, and Thylacine Design to undertake interpretive planning and design. Both contractors have been working closely with the local community to develop the building design and interpretive material.

Council endorsed the building design in May 2016, with the interpretive design element continuing. The project has a completion target of December 2017.





**Heritage Policies**

The Shire appointed a Heritage Consultant to prepare design guidelines for Fitzgerald and Gordon Street areas in 2015. The design guidelines were incorporated into Council’s newly adopted Local Planning Policy No. 18 – Heritage Precincts.

**Developer Contribution Policy**

The review of the Developer Contribution Policy will be undertaken in the 2016/17 financial year as part of a project that will research and investigate the feasibility of inserting ‘community infrastructure contribution plans’ for development contribution areas into LPS6. Should the Development Services department research and investigation reveal that it is worthwhile pursuing a community infrastructure contribution plan, the Planning Services directorate will progress a scheme amendment request in the 2016/17 financial year.

**Health**

The Shire’s Environmental Health Officers issue licences annually and conduct inspections on lodging houses, food businesses, offensive trades, caravan parks, stables, public buildings and events.

Additionally, a number of other permits are issued, this includes 141 stallholder permits in accordance with Council’s Local Law and 35 event permits in accordance with the *Health (Public Buildings) Regulations 1992*. Some of the events included Avon Descent, Avon River Festival, Northam Agricultural Show, Dogs Day Out, Northam National

Ballooning Championship, Pipeline Challenge, Wundowie Iron Festival and the Flying 50’s.

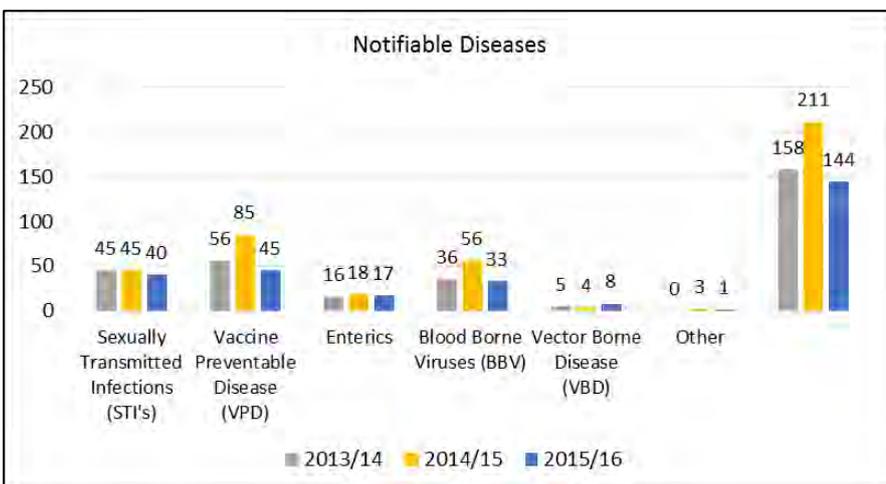
There are 92 food businesses registered under the *Food Act 2008* in the Shire. All food businesses are inspected by the Shire’s Environmental Health Officers (EHO’s).

There were 49 approvals issued for the installation of new effluent disposal systems and 43 permits to use were issued. Plans and prior approval are required for new systems and a Permit to Use is issued once the system is installed.

Water quality sampling of public swimming pools, the water playground and recycled effluent water is conducted monthly during the summer months by the Shire’s Environmental Health Officers. The samples are sent for analysis to the Path Centre Waters Laboratory in Perth to gauge compliance with the *Health (Aquatic Facility) Regulations 2007*. 108 public pool water samples were submitted for testing in 2015/16 and 66 recycled water samples. All indicated satisfactory results in line with the Department of Health’s guidelines.

The Health Department of Western Australia has reported 144 disease notifications within the Shire of Northam from 01 July 2015 to 30 June 2016, being 67 less than the previous year. These results indicate 45 Vaccine Preventable Diseases (VPD) which represents nearly a 50% decline from last year and 33 Blood Borne Viruses (BBV) which represents nearly a 50% decline also - (notifications

from Yongah Hill are included in these statistics). VPD’s in general include Pertussis, Rubella, TB, Tetanus, Mumps, Measles, Polio and BBVs in general are Hep B, Hep C and HIV. There were 35 influenza notifications made up of 17 with sub-type A, 13 sub-type B and 5 had sub-type A/H1N1. The one Dengue Fever case notified was acquired overseas in Bali (i.e. not from mosquitos in WA). A Q Fever case, attributed to an abattoir worker, was also reported.





**Bushfire Mitigation and Emergency Services**

The Shire of Northam had a very quiet year for fires within our boundaries. This is not to say that the Bushfire Brigades were not busy with many members attending fires throughout the state. We sent task forces down to the major fires in Esperance and Waroona to assist in the effort with those fires.

Through the Department of Fire and Emergency Services (DFES) Emergency Services Levy (ESL) Capital Grants we constructed a new fire station and extended an existing station. The Inkpen Bushfire Brigade received a new shed which is due to open in September. It is a fantastic fire station with training room, toilets, showers and kitchen facilities. The Brigade is happy to have their own shed instead of having fire vehicles out on member's farms. Clackline Fire Station received the extension to include a third vehicle bay, communications room and toilets.

Council agreed to supply a vehicle to the Chief Bushfire Control Officer to assist him with the management and coordination of fires which in turn frees up a fire vehicle which is better utilised to extinguish the fire rather than be used as the incident command vehicle. The vehicle is fitted out with lights, sirens, radios and bushfire stripping and was handed to the Chief in March this year.



We were successful in an application for a grant through the National Bushfire Mitigation Program to reduce the risk of fire within the Shire. Last year the Shire created a fuel load risk report which highlighted Shire managed reserves that posed the greatest risk. Using this information we created a plan to construct firebreaks, slashing areas and conducting hazard reduction burns during spring and autumn to lower the risk of bushfire in the Shire.

We have spent time communicating with stakeholders to reinvigorate the Local Emergency Management Committee facilitating four meetings and two workshops this year. With consultation from the group we are conducting a major review of the Shires Local Emergency Management Arrangements. This document covers different emergency events that may affect the area and the evacuation and recovery from that event.



We have made major changes to the Shires emergency water network of standpipes. The Shire has around thirty standpipes which were upgraded to be user friendly and safer to operate to support firefighters in their efforts. All standpipes were adapted from existing overhead pipes to have further fittings for fire fighting and adaptors for farmers units to utilise.

**Ranger Services**

Ranger Services primarily enforces and encourages compliance with local and State laws with respect to pets and livestock, parking and off road vehicles, abandoned vehicles, fire hazard reduction, wildlife care and removal referrals, littering, illegal camping and caring for the Northam white swan colony which has increased this year with the arrival of two new birds from Melbourne Zoo.

Significant improvements have been experienced in most areas, this is attributed to a greater focus on community education to encourage greater compliance. The rangers have implemented a wide range of promotional activities deigned to ensure messages reach broad cross sections of the community.

Council has continued its support for the 'I'm Alert' interactive digital pet ownership learning tool. Offered as a free service to the community, residents can log into the programme via the Shire's website. The program is presented in an easy to follow, entertaining format that includes the ability for the user to print a certificate upon completion of the program to keep as a record of training completion.

The Rangers also provide a range of information sheets and regular compliance information updates distributed via the Shire's internal media and communications channels, posters on community notice boards, local media and advertising where appropriate.

In the field, Rangers give away free Shire of Northam dog leads to encourage 'dog-on-a-leash in public places' compliance. They also give out colouring books to children when appropriate.



Rangers regularly visit local schools, child care centres and community groups giving presentations to children on pet ownership, wildlife do's and don'ts and fire safety. These popular events sometimes include child-friendly pets as part of the engagement strategy. Colouring books promoting responsible pet ownership of dogs and cats are provided free to children aged 4 years to 8 years. In the 2015/16 youth presentations have been offered to all Shire primary schools.



The 2016 'Dogs Big Day Out' was an outstanding success this year with close to 500 people and their dogs turning out for a full day of fun and educational activities. There were 'dog shows' to suit to all types, agility training and demonstrations, talks from professional animal behaviourists and veterinarians plus the promotion of State and local dog legislative requirements.

Local group 'Fresh Start' has partnered with the Rangers to relocate long neck turtles from the swan enclosure and to promote cat laws and sterilization subsidy programmes. This, plus supporting Indigenous traineeships for local youth, has helped to engage the community with Ranger Services.

Regular targeted parking patrols are conducted as per the Parking and Parking Facilities Local Law 2008. Problem areas are identified, with warning parking notices distributed in the first instance followed by infringements if warning notices are not complied with.



Fire infringements did increase this year due to a planned blitz on fire hazard reduction compliance where every property in the Shire was inspected. It should be noted that considering the substantial increase in the number of properties inspected this year, the number of infringements actually indicates an improvement in resident's compliance.



### Community – Key Performance Indicators

Performance Area	Key Performance Indicator	Formula	Target	Actual
Growing, Caring and Healthy	Estimated Residential Population (ERP) of 13,700 for Northam Town SLA	According to ABS 3218.0 (measured annually)	Northam Population to be 20,000 by 2031	Decrease: 0.7% 2015: 11,555 2014: 11,640
Public Safety	Reduction in Crime	Reduction in reported assaults ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	<15 <20%	>33 >16%
		Reduction in reported burglary (dwelling) ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	>58 >24%
	Reduction in reported burglary (other) ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	60 reported in 2015/16. An increase of 3.	
	Reduction in reported graffiti ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	11 reported in 2015/16. An increase of 1.	
	Reduction in reported robbery ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	5 reported robbery's in 2015/16. An increase of 1.	
	Reduction in reported motor vehicle theft ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	21 in 2015/16. A decrease of 12.	



**Community – Key Performance Indicators (cont.)**

Performance Area	Key Performance Indicator	Formula	Target	Actual
Public Safety (cont.)	Regular Local Emergency Management Meetings	Number of meetings held annually	4	Bushfire Advisory Committee: 4 Local Emergency Management Committee: 2
Recreation Facilities	Community Satisfaction with Council provided recreational facilities	Biennial Community Survey (2014,2016,2018 etc)	TBD	67% satisfaction.



# Natural Environment

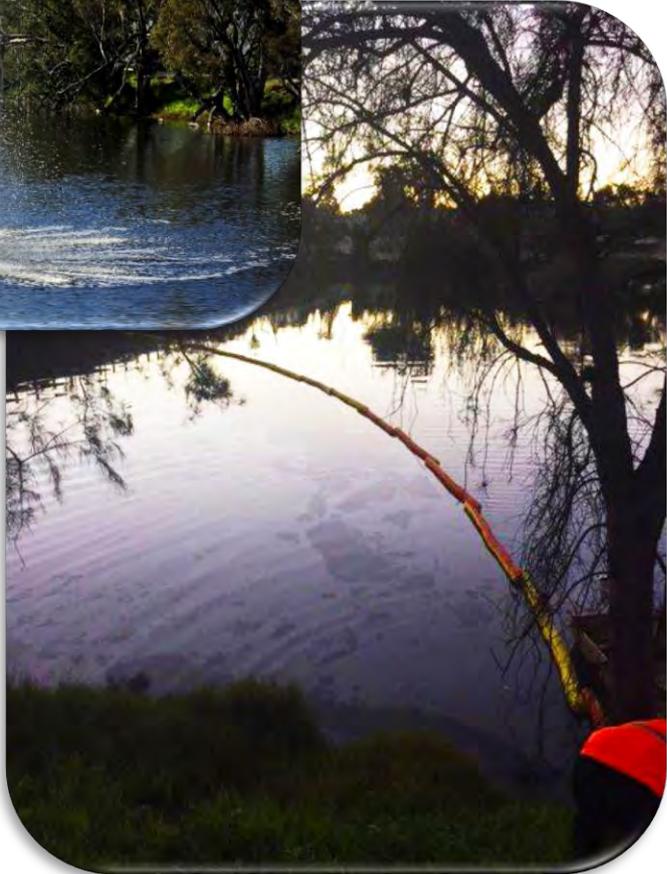


**Avon River Town Pool Water Fountains**

Two water fountains were installed to the Avon River Town Pool.

The fountains will assist the health of the river by aerating the water.

The Broome Terrace fountain required the installation of a power board, power upgrade and cabling to the fountain.



**Avon River Spillage**

There were two known accidental spillages into the Avon and Mortlock Rivers which were partially contained with the use of an environmental spillage boom soaking up the hydrocarbons.



**Waste Management**

Approximately 24,913 and 3,600 tonnes of waste material were received at the Old Quarry Road and Inkpen Road Waste Management Facilities respectively, for the 2015/2016 financial year.

Of the 24,913 tonnes of waste material received at the Old Quarry Road Waste Management Facility, approximately 16,400 tonnes of waste was landfilled, 2,851 tonnes of liquid waste was deposited for drying into the septage ponds and the balance of the material was recycled, which included green waste, waste oil, tyres, car batteries, scrap metal and E-waste.

All green waste at the site was stockpiled and seasoned for future mulching as this year there was mulch leftover which was made available by the trailer load, free to all Shire of Northam households.

Monitoring of groundwater at the Old Quarry Road Waste Management Facility was undertaken in August 2015 and April 2016 as required under the licence issued by the Department of Environment Regulation for the site. The results were acceptable to the Department of Environment Regulation.

The septage ponds to the rear of the site are now being rotationally dried with only four of the five ponds open at any one time. The original Septage Pond has been dried for the previous two summers and was dug out in late March 2016 and then relined. This will give the new lined pond approximately 8 years from March 2016.

The Shire of Northam has a E-waste collection at the Old Quarry Road Waste Management Facility, this has been well supported by the public. Approximately 11 tonnes of E-waste were collected for recycling with a 98% recovery rate.

1,899 vehicle tyres of various sizes, approximately 700 tonnes of scrap metal and approximately 10 tonnes of vehicle batteries were diverted from the landfills at Old Quarry Road and Inkpen Road Waste Management Facilities in 2015/16, and sent away for recycling.

The Shire’s oil receivable facilities at the Old Quarry Road and Inkpen Landfill Sites have allowed members of the public to dispose of used oil from residential activities. Waste oil is re-refined for reuse after removal from the site. Approximately 24,100L of waste oil was received and collected for recycling in 2015/16.





The Shire of Northam, in conjunction with DrumMuster recycled 5,605 chemical containers during the 2015/16 financial year. The number of containers has risen dramatically from last year's low rainfall season and its really positive to see the farming community getting behind this important recycling program.

The Inkpen Road Waste Management Facility has for a fifth year running constructed a new waste cell in accordance with the site management plan. Development of the site following the management plan is invaluable in utilizing the site to its maximum capacity and prolonging the years it will be available to the community.

The free Bulk Bin Collection Service for the Northam town site was utilized to their maximum capacity with approximately 624 properties utilising these bins. Similarly, the bi-annual Bulk Regional Skip Bins located at Southern Brook, Grass Valley, Muluckine, Spencers Brook, Clackline, Bakers Hill and Wundowie, for the collection of household hardwaste was well utilised by Shire residents with extra emptying of the bins required in every location.

The Kerbside Recycling service undertaken fortnightly in the Shire of Northam and the recycling drop-off points at Old Quarry Road and Inkpen Road Waste Management Facilities collected approximately 841.96 tonnes of recyclables. All 841.96 tonnes of recyclables were transported to the Southern Metropolitan Regional Council (SMRC) for processing, with an 85% recyclable recovery rate.



Improvements have also been made to the Inkpen Road green waste stockpile area with the area being sifted and levelled. Also installed on the Inkpen waste management site was an 18m x 6m recycling shed with a bunded bay to house the waste oil container and other recycling initiatives.





### Natural Environment – Key Performance Indicators

Performance Area	Key Performance Indicator	Formula	Target	Actual
Waste Management	Waste diverted from landfill	Percentage of		Kerbside Recycling tonnes collected (minus 20% waste products) = 673.57 tonne/ 673,570kg (times 1,000 to convert to kg), divided by Shire population 11,555 persons (minus 20% population not on service) 9244 persons = 72.87 kg per person per year.
Natural Environment	Decrease in nutrients and sediments within Town Pool	Water sampling (Dept of Water)	Having a healthy town pool. Having a full town pool	Not available.
Water Resources	Decrease in annual Council water consumption	Comparison of water used from June to June.	Reduction	2013 – 58,676 kl 2014 – 62,919 kl 2015 – 63,100 kl 2016 – 75,584 kl



# Economic





Annual Report 2015/16



**Telecommunications**

NBN Co Ltd (NBN) is a licensed telecommunications carrier and is currently overseeing the upgrade of Australia’s telecommunications network. Kordia Solutions Pty Ltd has been engaged by NBN to undertake works in Northam as part of the construction of the National Broadband Network. As part of the construction of the National Broadband Network in Northam, NBN commenced its works on 4 March 2016, with a finish date targeted for 1 September 2016.

**Pop-Up Shop Concept**

The Shire’s ‘Pop Up Shop’ concept came to fruition in December 2015. Council has subleased the former Roediger Bros Butcher Shop to a number of businesses who have demonstrated an interest in establishing business within Northam. During 2015/16 the shop has displayed a number of businesses including SciTech (mid-January 2016), Cherie Trinder of Revamp Designs to exhibit and sell art productions (January 2016 to April 2016) and Bronwyn Dunn to

exhibit and sell embroidery work (April to mid July 2016).

**CBD Revitalisation**

Northam central business district has continued to be the focus of streetscape improvements throughout the year.

Roadside furniture has been upgraded along with the construction of formal garden beds and irrigation improvements.

Avon Mall concept designs were presented to the community for feedback with proposed works scheduled.





**Visitor Centre and Tourism**

The Shire of Northam’s Tourism and Events team is based at the Northam Visitor Centre. The Tourism and Events team are responsible for regional and event promotion, visitor servicing, and the undertaking of tourism and events related projects in the Shire.

The Northam Visitor Centre is situated on the banks of the Avon River in Minson Avenue, and is open 7 days per week (except for major public holidays). The Visitor Centre is the main port of call for visitors to the Valley, or people looking to find out information on relocating, accommodation, and spending the day in the area generally.

Centre continue to bring visitors through the door.

Visitor numbers have increased approximately 3,700 this year, and sales figures have remained largely the same. We have again this year introduced a great deal of new stock to the Centre, which is well received by tourists. Without a large art launch in the 2015/16 financial year as seen in 2014/15, the figures have remained the same, however a larger proportion of this is the sales of our own stock.

The Centre has been without our own website since July 2012 and has opted this year to increase our presence on the Shire’s own website, rather than having a dedicated site of our own. This increase is now well underway, and we are hoping to add more information and functionality in the coming months. In addition to this, we have continued to promote the Visit Northam brand, and have tripled our Facebook likes in the past 12 months.



The Northam Visitor Centre staff have revitalised both our Avon River Walk and Historical Buildings bus tours, as well as making great progress in the development of a self-guided whole Shire drive tour for visitors. The tours, along with the gallery space and increasingly popular displays (including a new History of Ballooning display) housed in the





In the 2015/16 financial year we were successful in receiving a \$10,483 grant from Tourism WA in order to improve the provision of our tourism services. Tourism WA also assisted in providing us consultants from Terrific Trading to look at our operations, and to make suggestions that should increase our sales. Over the next 12 months, we will again be focussing heavily on customer service, compliance, operational health and safety, and increased awareness of Northam as a destination. The Manager Tourism & Events will also continue to represent the Shire of Northam on the board of Avon Tourism.

Currently out for review are the Shire of Northam Tourism Marketing Strategy, and the Shire of Northam Events Policy. Once approved internally, these will be submitted to Council for endorsement.

### Events

With regards to our events programme, we have been actively involved in the planning, approval, execution, or marketing of a number of well attended events in the 2015/16 financial year, as well as assisting with other smaller events which do not need to be approved formally by the Shire. We have particularly enjoyed working on initiatives and events such as the following:

- \* 2015's Northam National Ballooning Championships and Family Balloon Fiesta
- \* Avon Descent
- \* Seniors Week Gala Concert
- \* NAIDOC Week Event
- \* Christmas on Fitzgerald 2015
- \* 2015 Christmas Projections

A Particular highlight was the 2015 Northam National Ballooning Championships. The success of the Ballooning Championships, and overall excellent organisation by the Championships Organising Committee, has assisted towards Northam winning the right to host the championships again in 2017.





### Economic – Key Performance Indicators

Performance Area	Key Performance Indicator	Formula	Target	Actual
Business & Investment	Unemployment Rate reduces to below WA State average	DEEWR provides statistics	Reduction	WA unemployment rate is 6.0% Northam unemployment rate is 9.7% (increase of 3.7% since June 2015) Unemployment rate is 3.7% above the State average.
	Grow Labour Force Size	DEEWR provides statistics	above 2.5% pa	-2.27  June 2016: 5,252 June 2015: 5,371
	Growth in number of businesses employing 50 or more workers with registered address in Northam LGA	ABS 8165.0 provided statistics	Growth	2015/16: Not available until Feb 2017.  2014/15: 9
	Increase in Gross Regional Product (GRP)	ABS provided statistics	Growth	2015/16: Not available 2014/15: 256,188.
Regional Tourism	Number of visitors to Visitor Centre	Annual visitation counts (through door)	Growth	2015/16: 13,979 2014/15: 10,271



# Infrastructure and Resources



Engineering Services is responsible for the construction and maintenance of roads, footpaths, drainage, verges, public open spaces, bridges, and parking facilities.

Engineering Services are also responsible for the maintenance of the airport and cemetery and management of the Shire's fleet. Significant works completed include;

**Northam Airport**

Since June 2015 the Shire has leased 4 more hangar sites bringing in an additional \$2,906 per annum. 43 sites have been allocated as hangar sites and as of August 2016, 33 have been leased out to the public.

Out of the 43 sites, 6 are not usable in their current state and 4 are still available for lease in the back row.

Of the 33 leased hangars, 15 are commercial ventures and 18 are classed as private recreational use.



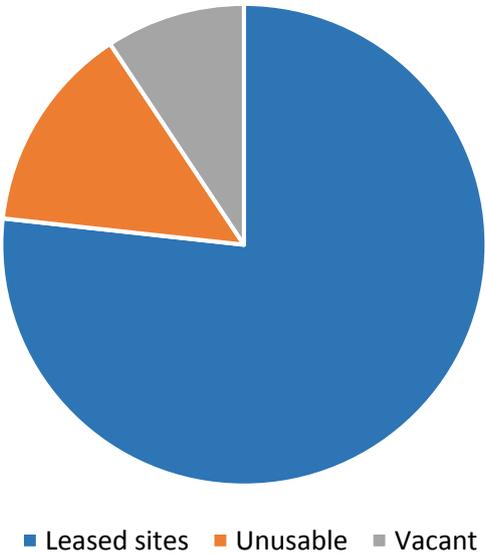
**Parks/Playground Audit and Upgrade Plan**

A parks and playground inventory audit was completed during the year to determine replacement needs of the existing asset infrastructure.

This information has been used to initiate the development of long term replacement strategies.

Works to date total a value of approximately \$430,000, with notable projects being Broome Terrace exercise equipment, George Nuich Park upgrade, and Recreation Centre play equipment. Numerous other parks also received installation of coloured bins, table settings and seating.

**Hangar Sites**





**Bakers Hill Great Eastern Highway Redesign Works**

The Shire of Northam has been working with Main Roads to finalise concept design for the Bakers Hill town site improvements works which included formalisation of on street parking, sealing of local roads, construction of new footpaths and roadside infrastructure, and the relocation of Yates Street.

**Drainage Upgrade**

Drainage improvements were performed in the Northam town site (Stage 2) to the value of \$360,000 which included the upgrade of drainage infrastructure along Fitzgerald Street (CBD), Minson Avenue and Avon Mall area.

Drainage studies were also performed on Carlin Valley and Koojedda Heights subdivisions in Bakers Hill, identifying deficiencies which can be programmed for improvements in future years.



**Road Renewal**

A total of \$2,563,800 was spent on road improvement projects. The following roads were constructed a part of the Council endorsed annual roads program.

Asphalt Resurfacing Works

- \* Chidlow Street
- \* Duke Street
- \* Carter Street
- \* George Street
- \* Thackrah Avenue

- \* Forrest Street

Spray Seal Works

- \* Battery Street
- \* Ore Street
- \* Dumbarton Road
- \* Milinch Street
- \* Carter Road
- \* Werribee Road
- \* Jennapullin Road
- \* Southern Brook Road

Gravel Re-Sheeting

- \* Gumley Road
- \* Old Coach Road



**Footpath Construction**

A total of \$411,369 was spent on footpath construction works across the Shire. These projects were programmed in reflection of the Shire of Northam’s Local Bike Plan which was endorsed by Council in 2012.

- \* Boronia Avenue
- \* Doctors Drive
- \* Park Lane (DUP)
- \* Quelquelling Road
- \* Robinson Street
- \* Wattle Crescent
- \* Wood Drive
- \* Railway Link
- \* Perina Place



**Infrastructure & Resources – Key Performance Indicators**

Performance Area	Key Performance Indicator	Formula	Target	Actual
Effective and efficient transport network	Asset consumption ratio (ACR)	Depreciated replacement cost of assets (written down value) divided by current replacement costs of depreciable assets.	60%	98%
	Asset sustainability ratio (ASR)	Capital expenditure on replacement or renewal of assets divided by the depreciation expense	90%	91%
	Asset renewal funding ratio	Net present value of planned capital expenditure based on current Departmental guidance on renewals over ten years divided by the net present value of the required capital expenditures on renewals over the same period.	95%	98%



# Public Realm and Built Environment





**Statutory Planning**

The *Shire of Northam Local Planning Scheme No.6* (the Scheme) was gazetted by the Western Australian Planning Commission in August 2013 to replace and update the former *Shire of Northam Town Planning Scheme No.3* and *Town of Northam Town Planning Scheme No.5* which applied to the former local governments that existed prior to amalgamation.

The Scheme and associated local planning policies has operated satisfactorily over the 2015/16 financial year. During this time Council has also adopted 3 new local planning policies namely Local Planning Policy No. 18 – Heritage Precincts, Local Planning Policy No. 19 – Residential Design Guidelines for the Rural Residential and Rural Smallholding Zones and Local Planning Policy No. 20 – Advertising of Planning Proposals. In addition to the above new Policies, Council has also undertaken a comprehensive review of Local Planning Policy No. 5 – Use and Control of Sea Containers and Similar Storage Containers.

Meetings. 1 application was determined by the Wheatbelt Joint Development Assessment Panel in October 2015 for the proposed new shopping centre at the old hospital site in Northam.

**Subdivisions**

During the 2015/16 financial year, the Planning Services department responded to a total of 10 subdivision referrals from the Western Australian Planning Commission seeking to create a total of 177 lots as well as a total of 4 applications for amalgamation.

With respect to requests for clearance of conditions of subdivision approval, the Shire has considered and cleared conditions for 12 different subdivisions during the 2015/16 financial year. 3 large Rural Residential subdivisions have been constructed, those being –

- \* Lot 2 Oyston Road near Bakers Hill which created 14 Rural Residential lots;
- \* Stage 2 of the Rural Residential subdivision named ‘Mauravillo Estate’ near Wundowie townsite which created 61 Rural Residential lots; and
- \* Lot 2 Werribee Road near Wundowie townsite which created 7 Rural Residential lots.



**Developments**

During the 2015/16 financial year, the Planning Services department determined a total of 173 development applications under delegated authority from Council whereas 11 applications were determined by Council at Ordinary Council





**Scheme amendments**

During the 2015/16 financial year, 2 scheme amendments (Amendment No’s 3 and 4) to Local Planning Scheme No. 6 were gazetted and finalised. Amendment No.3 sought to rezone Lots 56, 57 and 58 Lunt Street, Northam from Rural Residential to Special for an Airpark. Amendment No. 3 sought to make changes to the Scheme Text of Local Planning Scheme No. 6 in order to align the Scheme with the *Planning and Development (Local Planning Schemes) Regulations 2015* which came into force in October 2015.

Council initiated Amendment No. 5 to Local Planning Scheme No. 6 in March 2016. Amendment No. 5 seeks to amend Schedule 4 of the Scheme Text by modifying the provisions for Special Use No.9 (SU9) to better reflect the overall intent of the El Caballo Lifestyle Village (ECLV) in providing an over-45s village in a more efficient and expedient manner.

Council also initiated Amendment No. 6 to Local Planning Scheme No. 6 in April 2016. Amendment No. 6 is an omnibus amendment containing a total of 28 proposals. Local Planning Scheme No. 6 was gazetted on 21<sup>st</sup> of August 2013. Ongoing use of Local Planning Scheme No. 6 subsequent to gazettal has revealed a number of areas where refinements are required to improve the Scheme’s operational effectiveness and to otherwise correct minor errors or omissions in the text.



**Strategic Planning**

The Shire is implementing various strategic planning documents that were previously adopted by Council including: Northam Regional Growth Plan, Northam Town Centre Car Parking Strategy, Municipal Heritage Inventory, Northam Bike Plan, Northam Commercial and Government Office Accommodation Strategy, Northam Laneway Strategy, Shire of Northam Land Rationalisation Strategy and the Shire of Northam Biodiversity Strategy.





Public Realm & Built Environment – Key Performance Indicators

Performance Area	Key Performance Indicator	Formula	Target	Actual
Development Opportunities	Current local Planning Scheme in place	Age of Planning scheme	Reviewed every 4 years or less	LPS No.6 was gazetted by the WAPC in August 2013.  It is proposed to undertake a review of Local Planning Scheme No. 6 in the 2016/17 financial year.
	Current local Planning Strategy in place	Age of Planning strategy	Reviewed every 4 years or less	It is proposed to undertake a review of Council's Local Planning Strategy in the 2016/17 financial year.



## Awards & Recognition

### Australia Day Awards

On Australia Day James Donovan, Kayla Martin and the Northam Agricultural Society were awarded the Premiers Australia Day Active Citizenship Award to recognise and thank them for investing their time and effort into our community.



the Upper Primary School category of the 2015 Banners in the Terrace competition with their hot air balloon themed banner.

The competition was run by the WA Local Government Association as part of its annual Convention at the Perth Convention and Exhibition Centre and included banners from 69 communities which were displayed in St Georges and Adelaide Terraces between 26 July and 8 August 2015.

The Shire of Northam called for banner designs from local schools and community groups to determine which group would paint the official banner, and Avonvale Primary School submitted the winning design from over 30 entries.

The competition winners were announced at the 2015 WA Local Government Convention and Exhibition, which attracts more than 600 Local Government representatives and over 100 suppliers to the sector.

### Citizenship Ceremonies

The Shire of Northam held four (4) Citizenship Ceremonies over the 2015/16 period with 26 candidates receiving their Australian Citizenship.

### Volunteers

The Shire of Northam would like to thank all volunteers over the 2015/16 period. Their contribution plays an important role to the organisation and adds significant value to the Shire community.

### Banners in the Terrace

The Shire of Northam together with students from Avonvale Primary School won

The winners of the 2015 Banners in the Terrace competition were:



- \* Junior Primary School, Shire of Ashburton
- \* Upper Primary School, Shire of Northam
- \* Secondary School, Shire of Mukinbudin
- \* Community Group, Shire of Dowerin
- \* Professional/Digital, Shire of Collie
- \* Overall, Shire of Ashburton



## Statutory Reports

### Disability Access and Inclusion

Shire of Northam is committed to facilitate the inclusion of people with disability through the improvement of access to its information, services, events and facilities.

In working towards this goal Shire of Northam has worked progressively towards achieving the desired results in the key outcomes, our success includes:

- \* DAIP available on our website;
- \* Confirmed our facilities meet the standard required;
- \* Improved Shire of Northam staff understanding of how to assist the public to obtain information in other formats; and
- \* Ongoing community consultation with key stakeholders to guide access and inclusion improvements.

### Freedom of Information

In accordance with Section 96 and 97 of the *Freedom of Information Act 1992* the Shire is required to publish an Information Statement annually which details the process of applying for information under the Act, as well as information that the Shire provides outside of the Act. This document is available from the Shire of Northam Administration Centre or on the website under 'Our Council/public documents.'

During 2015/16 the Shire received 8 applications for Freedom of Information. These requests were completed within 45 days in accordance with Section 13.3 of the *Freedom of Information Act 2000*.

Should you wish to obtain a copy of the *Freedom of Information Act 1992* or associated regulations please visit the State Law Publisher website at [www.slp.wa.gov.au](http://www.slp.wa.gov.au) where a full copy of all State Legislation is available.

Further information about Freedom of Information can also be found on the Freedom of Information Commissioner's website <http://foi.wa.gov.au/>.

This Information Statement can be accessed through the Shire of Northam's website at [www.northam.wa.gov.au](http://www.northam.wa.gov.au).

### National Competition Policy

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy. Local government is affected mainly where it operates significant business activities which compete, or could compete, with private sector businesses. Local Government will also be affected where local laws unnecessarily affect competition.

The Shire is required to comply with certain policies contained within the Nation Competition Policy statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

### Competitive Neutrality

Local Governments are required to apply the principle of competitive neutrality to all business activities generating user-pays income in excess of \$200,000. The principle of competitive neutrality is that Government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Annual Reports must show that a public benefit test has been conducted for all significant business activities to determine if competitive neutrality is in the public interest.

### Register of Complaints

The Local Government Act 1995 s5.121 requires the complaints officer of the Local Government to maintain a register of complaints which records all complaints that result in an action under the Local Government Act s5.121 (6)(b) or (c).



The register of complaints is to include, for each recorded complaint:

- \* Name of Council Member;
- \* About whom the complaint is made;
- \* Name of the person who makes the complaint;
- \* A description of the minor breach that the standards panel finds has occurred; and
- \* Details of the action taken under LGA s5.110 (6)(b) or (c)

During the 2015/16 financial year there have been no complaints recorded that resulted in an action under LGA s5.110 (6) (b) or (c).

**Employee Remuneration**

In accordance with part 5 of the *Local Government (Administration) Regulations 1996* the table below demonstrates the number of employees entitled to and receive an annual salary over \$100,000;

Salary Band	No of Employees
\$100,000 - \$109,000	1
\$110,000 - \$119,000	
\$120,000 - \$129,000	2
\$130,000 - \$139,000	1
\$140,000 - \$149,000	1
\$150,000 - \$159,000	
\$160,000 - \$169,000	
\$170,000 - \$179,000	
\$180,000 - \$189,000	
\$190,000 - \$199,000	
\$200,000 - \$209,000	
\$220,000 - \$229,000	1

**Local Laws**

The Local Government Act 1995 requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and ratepayers the opportunity to comment on any proposed changes, additions or deletions to the Shire’s Local Laws.

The Shire of Northam’s Local Laws are scheduled to be reviewed in the 2016/17 financial year.

**State Records Act 2000**

In accordance with Section 19 of the State records Act 2000, Local Governments are required to have a Record Keeping Plan that is approved by the State Records Commission (SRC).

The purpose of the plan is to provide an accurate reflection of the record keeping program in the organisation, including information regarding the organisation’s record keeping system, disposal arrangements, policies, practices and processes.

The Shire is required to ensure records are created, managed and maintained over time and disposed of in accordance with the principles and standards issued by the SRC. The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice record keeping in the organisation.

The Shire of Northam’s Record Keeping Plan is reviewed and evaluated at least once every five years for efficiency and effectiveness. The Plan was reviewed and approved by the State records Commission on 2 August 2013. The next review is due prior to August 2018 which will then be submitted to the State Records Commission for approval.



## Financial Report

# SHIRE OF NORTHAM

## FINANCIAL REPORT

### FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:  
395 Fitzgerald Street  
NORTHAM WA 6401



Annual Report 2015/16

**SHIRE OF NORTHAM  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

2 day of November 2016

  
Jason Whiteaker  
Chief Executive Officer



**SHIRE OF NORTHAM  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	22	8,666,545	8,595,223	8,281,186
Operating grants, subsidies and contributions	29	3,729,396	3,300,636	6,940,731
Fees and charges	28	3,717,347	3,664,393	3,772,076
Interest earnings	2(a)	367,421	385,500	422,135
Other revenue	2(a)	618,899	671,122	1,058,605
		<u>17,099,608</u>	<u>16,616,874</u>	<u>20,474,733</u>
<b>Expenses</b>				
Employee costs		(7,552,624)	(7,479,223)	(7,016,776)
Materials and contracts		(5,160,216)	(6,642,417)	(5,353,675)
Utility charges		(868,216)	(762,396)	(730,325)
Depreciation on non-current assets	2(a)	(3,864,126)	(3,263,710)	(3,540,043)
Interest expenses	2(a)	(156,612)	(173,545)	(188,977)
Insurance expenses		(448,535)	(432,268)	(542,796)
Other expenditure		(340,607)	(210,683)	(775,790)
		<u>(18,390,936)</u>	<u>(18,964,242)</u>	<u>(18,148,382)</u>
		(1,291,328)	(2,347,368)	2,326,351
Non-operating grants, subsidies and contributions	29	1,746,295	5,060,836	3,383,030
Profit on asset disposals	20	8,493	22,612	19,433
(Loss) on asset disposals	20	(95,892)	(166,641)	(35,080)
Fair value adjustments to financial assets at				
(Loss) on revaluation of Streetscape		0	0	(2,553,874)
<b>Net result</b>		<u>367,568</u>	<u>2,569,439</u>	<u>3,139,860</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	618,484	0	94,718,041
<b>Total other comprehensive income</b>		<u>618,484</u>	<u>0</u>	<u>94,718,041</u>
<b>Total comprehensive income</b>		<u>986,052</u>	<u>2,569,439</u>	<u>97,857,901</u>

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



**SHIRE OF NORTHAM  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		75,913	54,800	99,624
General purpose funding		10,814,481	10,772,405	13,862,638
Law, order, public safety		386,205	261,269	431,881
Health		46,842	50,000	38,907
Education and welfare		1,315,676	1,333,066	1,233,363
Housing		34,155	46,465	44,286
Community amenities		2,641,423	2,469,929	2,567,357
Recreation and culture		589,538	548,782	719,643
Transport		632,247	459,105	677,455
Economic services		493,605	566,853	721,380
Other property and services		69,523	54,200	78,199
		<u>17,099,608</u>	<u>16,616,874</u>	<u>20,474,733</u>
<b>Expenses</b>	2(a)			
Governance		(1,192,827)	(1,184,350)	(1,138,000)
General purpose funding		(291,955)	(364,868)	(365,812)
Law, order, public safety		(980,386)	(1,094,629)	(1,087,825)
Health		(306,503)	(293,924)	(369,406)
Education and welfare		(1,432,047)	(1,502,295)	(1,376,796)
Housing		(91,454)	(105,856)	(102,994)
Community amenities		(2,885,553)	(3,419,277)	(3,021,469)
Recreation and culture		(4,506,026)	(4,161,267)	(3,876,825)
Transport		(4,558,097)	(4,659,508)	(4,615,122)
Economic services		(1,740,027)	(1,977,683)	(1,794,975)
Other property and services		(249,449)	(27,040)	(210,181)
		<u>(18,234,324)</u>	<u>(18,790,697)</u>	<u>(17,959,405)</u>
<b>Finance costs</b>	2(a)			
Governance		0	0	(1,980)
Community amenities		0	0	(189)
Recreation and culture		(103,169)	(114,439)	(117,427)
Transport		(2,154)	(2,435)	(2,796)
Economic services		(51,289)	(56,671)	(66,585)
		<u>(156,612)</u>	<u>(173,545)</u>	<u>(188,977)</u>
		<u>(1,291,328)</u>	<u>(2,347,368)</u>	<u>2,326,351</u>
Non-operating grants, subsidies and contributions	29	1,746,295	5,060,836	3,383,030
Profit on disposal of assets	20	8,493	22,612	19,433
(Loss) on disposal of assets	20	(95,892)	(166,641)	(35,080)
Fair value adjustments to financial assets at				
(Loss) on revaluation of Streetscape		0	0	(2,553,874)
		<u>0</u>	<u>0</u>	<u>(2,553,874)</u>
<b>Net result</b>		<u><b>367,568</b></u>	<u><b>2,569,439</b></u>	<u><b>3,139,860</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	618,484	0	94,718,041
<b>Total other comprehensive income</b>		<u><b>618,484</b></u>	<u><b>0</b></u>	<u><b>94,718,041</b></u>
<b>Total comprehensive income</b>		<u><u><b>986,052</b></u></u>	<u><u><b>2,569,439</b></u></u>	<u><u><b>97,857,901</b></u></u>

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



**SHIRE OF NORTHAM  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$	2015 Restated \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	10,169,233	11,385,434	11,385,434
Trade and other receivables	4	2,223,094	2,522,248	2,522,248
Inventories	5	35,885	45,722	45,722
<b>TOTAL CURRENT ASSETS</b>		<u>12,428,212</u>	<u>13,953,404</u>	<u>13,953,404</u>
<b>NON-CURRENT ASSETS</b>				
Other receivables	4	410,285	400,037	400,037
Property, plant and equipment	6	57,171,820	56,526,174	56,526,174
Infrastructure	7	144,424,083	220,425,728	141,954,206
<b>TOTAL NON-CURRENT ASSETS</b>		<u>202,006,188</u>	<u>277,351,939</u>	<u>198,880,417</u>
<b>TOTAL ASSETS</b>		<u>214,434,400</u>	<u>291,305,343</u>	<u>212,833,821</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	8	2,216,031	1,575,481	1,575,481
Current portion of long term borrowings	9	209,878	210,153	210,153
Provisions	10	1,007,320	855,438	855,438
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,433,229</u>	<u>2,641,072</u>	<u>2,641,072</u>
<b>NON-CURRENT LIABILITIES</b>				
Long term borrowings	9	2,091,882	2,301,760	2,301,760
Provisions	10	190,732	158,484	158,484
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,282,614</u>	<u>2,460,244</u>	<u>2,460,244</u>
<b>TOTAL LIABILITIES</b>		<u>5,715,843</u>	<u>5,101,316</u>	<u>5,101,316</u>
<b>NET ASSETS</b>		<u>208,718,557</u>	<u>286,204,027</u>	<u>207,732,505</u>
<b>EQUITY</b>				
Retained surplus		78,255,231	77,362,210	77,362,210
Reserves - cash backed	11	5,634,070	6,159,523	6,159,523
Revaluation surplus	12	124,829,256	202,682,294	124,210,772
<b>TOTAL EQUITY</b>		<u>208,718,557</u>	<u>286,204,027</u>	<u>207,732,505</u>

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

**SHIRE OF NORTHAM**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		<b>75,533,694</b>	<b>4,848,179</b>	<b>29,492,731</b>	<b>109,874,605</b>
Comprehensive income					
Net result		3,139,860	0	0	3,139,860
Changes on revaluation of assets	12	0	0	94,718,041	94,718,041
Total comprehensive income		3,139,860	0	94,718,041	97,857,901
Transfers from/(to) reserves		(1,311,344)	1,311,344	0	0
<b>Balance as at 30 June 2015</b>		<b>77,362,210</b>	<b>6,159,523</b>	<b>124,210,772</b>	<b>207,732,505</b>
Comprehensive income					
Net result		367,568	0	0	367,568
Changes on revaluation of assets	12	0	0	618,484	618,484
Total comprehensive income		367,568	0	618,484	986,052
Transfers from/(to) reserves		525,453	(525,453)	0	0
<b>Balance as at 30 June 2016</b>		<b>78,255,231</b>	<b>5,634,070</b>	<b>124,829,256</b>	<b>208,718,557</b>

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



**SHIRE OF NORTHAM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		8,350,070	8,795,223	8,135,219
Operating grants, subsidies and contributions		4,380,692	3,400,636	6,552,055
Fees and charges		3,637,027	3,714,393	3,772,076
Interest earnings		367,421	385,500	422,135
Goods and services tax		1,113,047	300,000	927,189
Other revenue		618,899	671,122	818,310
		<u>18,467,156</u>	<u>17,266,874</u>	<u>20,626,984</u>
<b>Payments</b>				
Employee costs		(7,584,755)	(7,379,223)	(6,699,110)
Materials and contracts		(4,298,084)	(6,282,417)	(6,017,208)
Utility charges		(868,216)	(752,396)	(730,325)
Interest expenses		(152,096)	(432,268)	(203,998)
Insurance expenses		(448,535)	(173,545)	(542,796)
Goods and services tax		(1,108,740)	(300,000)	(1,102,883)
Other expenditure		(340,607)	(155,190)	(775,790)
		<u>(14,801,033)</u>	<u>(15,475,039)</u>	<u>(16,072,110)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>3,666,123</u>	<u>1,791,835</u>	<u>4,554,874</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of Land held for resale		0	0	249,839
Payments for purchase of property, plant & equipment		(1,426,606)	(5,141,901)	(818,653)
Payments for construction of infrastructure		(5,254,220)	(7,810,191)	(4,281,870)
Non-operating grants, subsidies and contributions		1,746,295	5,060,836	3,383,030
Proceeds from sale of fixed assets		232,262	344,642	438,946
<b>Net cash provided by (used in) investment activities</b>		<u>(4,702,269)</u>	<u>(7,546,614)</u>	<u>(1,028,708)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(210,153)	(210,154)	(1,578,756)
Proceeds from self supporting loans		30,098	30,099	214,570
<b>Net cash provided by (used in) financing activities</b>		<u>(180,055)</u>	<u>(180,055)</u>	<u>(1,364,186)</u>
<b>Net increase (decrease) in cash held</b>		(1,216,201)	(5,934,834)	2,161,980
Cash at beginning of year		11,385,434	11,385,434	9,223,454
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u>10,169,233</u>	<u>5,450,600</u>	<u>11,385,434</u>

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



**SHIRE OF NORTHAM  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus</b>	5,811,966	5,919,675	3,866,776
	<u>5,811,966</u>	<u>5,919,675</u>	<u>3,866,776</u>
<b>Revenue from operating activities (excluding rates)</b>			
Governance	75,913	54,800	99,624
General purpose funding	2,161,209	2,190,082	5,582,452
Law, order, public safety	386,205	261,269	431,881
Health	46,842	50,000	38,907
Education and welfare	1,315,676	1,333,066	1,233,363
Housing	34,155	46,465	44,286
Community amenities	2,641,423	2,469,929	2,567,357
Recreation and culture	589,538	548,782	722,954
Transport	639,376	474,151	684,486
Economic services	494,969	574,419	729,471
Other property and services	69,523	54,200	78,199
	<u>8,454,829</u>	<u>8,057,163</u>	<u>12,212,980</u>
<b>Expenditure from operating activities</b>			
Governance	(1,192,827)	(1,201,997)	(1,139,980)
General purpose funding	(291,955)	(364,868)	(365,812)
Law, order, public safety	(1,004,624)	(1,131,201)	(1,087,825)
Health	(309,230)	(296,919)	(375,458)
Education and welfare	(1,432,047)	(1,502,295)	(1,376,796)
Housing	(91,454)	(105,856)	(102,994)
Community amenities	(2,889,361)	(3,419,277)	(3,021,658)
Recreation and culture	(4,615,381)	(4,285,143)	(3,994,252)
Transport	(4,617,820)	(4,760,181)	(4,646,446)
Economic services	(1,792,680)	(2,036,106)	(1,862,060)
Other property and services	(249,449)	(27,040)	(210,181)
	<u>(18,486,828)</u>	<u>(19,130,883)</u>	<u>(18,183,462)</u>
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	20	(8,493)	(22,612)
Loss on disposal of assets	20	95,892	166,641
Movement in land held for re-sale		0	0
Movement in deferred pensioner rates (non-current)		(28,690)	0
Movement in employee benefit provisions (non-current)		7,536	0
Depreciation and amortisation on assets	2(a)	3,864,126	3,263,710
<b>Amount attributable to operating activities</b>		<u>(289,662)</u>	<u>(1,746,306)</u>
		<u>(1,746,306)</u>	<u>1,484,857</u>
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions		1,746,295	5,060,836
Proceeds from disposal of assets	20	232,262	344,642
Purchase of property, plant and equipment	6(b)	(1,426,606)	(5,141,901)
Purchase and construction of infrastructure	7(b)	(5,254,220)	(7,810,191)
<b>Amount attributable to investing activities</b>		<u>(4,702,269)</u>	<u>(7,546,614)</u>
		<u>(4,702,269)</u>	<u>(1,278,547)</u>
<b>FINANCING ACTIVITIES</b>			
Repayment of debentures	21(a)	(210,153)	(210,154)
Proceeds from self supporting loans		30,098	30,099
Transfers to reserves (restricted assets)	11	(1,036,818)	(963,385)
Transfers from reserves (restricted assets)	11	1,562,271	1,858,061
<b>Amount attributable to financing activities</b>		<u>345,398</u>	<u>714,621</u>
		<u>345,398</u>	<u>(2,675,530)</u>
<b>Surplus(deficiency) before general rates</b>		<u>(4,646,533)</u>	<u>(8,578,299)</u>
<b>Total amount raised from general rates</b>	22	<u>8,653,272</u>	<u>8,582,323</u>
<b>Net current assets at June 30 c/fwd - surplus</b>	23	<u><u>4,006,739</u></u>	<u><u>4,024</u></u>
		<u><u>4,006,739</u></u>	<u><u>5,811,966</u></u>

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



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

Except for cash flow and rate setting information, the report 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.

**Critical accounting estimates**

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

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

**The local government reporting entity**

All Funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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 19 to these financial statements.

**(b) 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.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and 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 reported as short term borrowings in current liabilities in the statement of financial position.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(d) 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.

**(e) Inventories**

**General**

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

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

**Land held for sale**

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 the Council's intentions to release for sale.

**(f) Fixed Assets**

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

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

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

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

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

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



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(f) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

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

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(f) Fixed Assets (Continued)**

***Depreciation***

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	25 years
- asphalt surfaces	25 years
Carparks sealed	40 years
Gravel roads formation	not depreciated
Gravel Sheet pavement	12 years 50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Bridges and Culverts timber	50 years
concrete	100 years
Footpaths - slab/concrete	40 years
Parks & Reserves / other infrastructure	10-50 years
Sewerage piping	80 years
Water supply piping and drainage systems	85 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

***Capitalisation threshold***

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(g) Fair Value of Assets and Liabilities**

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(g) Fair Value of Assets and Liabilities (Continued)**

**Income approach**

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

**Cost approach**

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

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

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

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

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

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

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

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

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

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

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

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

***(v) Financial liabilities***

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



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) 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 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.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

**Other long-term employee benefits**

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

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

**(l) 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.

**(m) Provisions**

Provisions are recognised when the Shire has a present 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.

**(n) Leases**

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

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

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

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

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



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

**(q) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**(r) Superannuation**

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(s) 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.

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(v) Budget Comparative Figures**

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



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(x) Adoption of New and Revised Accounting Standards**

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
Audit of the annual financial report	24,120	23,500
Assistance with the finalisation of the annual financial report 2014/15	1,920	13,650
Other services	12,000	3,550
<b>Depreciation</b>		
Buildings - non-specialised	67,887	66,252
Buildings - specialised	676,715	752,657
Furniture and equipment	30,357	79,514
Plant and equipment	262,344	227,871
Bushfire equipment	42,480	42,481
Infrastructure - roads	1,472,176	1,596,630
Infrastructure - footpaths	124,294	176,983
Infrastructure - drainage	57,234	168,626
Playground equipment	64,224	149,994
Other infrastructure	564,191	90,609
Streetscape	8,800	76,862
Bridges & culverts	419,725	97,554
Aero	73,699	14,010
	<u>3,864,126</u>	<u>3,540,043</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 21 (a))	156,612	188,977
	<u>156,612</u>	<u>188,977</u>
<b>Rental charges</b>		
Operating leases	11,420	11,640
	<u>11,420</u>	<u>11,640</u>
(ii) Crediting as revenue:		
<b>Significant revenue</b>		
General Purpose Funding	0	1,695,087
This significant revenue in 2015 relates to the prepayment of the first instalment of the Financial Assistance Grant for the 2016 year.		
<b>Other revenue</b>		
Reimbursements and Recoveries	249,173	98,700
Other	369,726	959,905
	<u>618,899</u>	<u>1,058,605</u>
	<b>2016 Actual</b>	<b>2016 Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		<b>2015 Actual</b>
Loans receivable - clubs/institutions	6,917	22,943
Reserve funds	130,062	153,943
Other funds	93,983	117,898
Other interest revenue (refer note 27)	136,459	127,351
	<u>367,421</u>	<u>422,135</u>



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Statement of Objective**

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

**COMMUNITY VISION**

The Shire of Northam is a vibrant growing community that is safe, caring and inclusive. We are recognised as a community that values heritage, preserves our environment and promotes commerce.

Council operations as disclosed in these financial statements encompasses the following service orientated activities/programs.

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

**GOVERNANCE**

**Objective:**

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

**Activities:**

Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Inspection of food outlets and their control, pet control, immunisation services, noise control and health inspections.

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

Assistance with playgroup centres, senior citizen hall and respite care centre. Provision of home and community care programs and youth services.

**HOUSING**

**Objective:**

To provide and maintain elderly residents housing.

**Activities:**

Provision and maintenance of rental housing, including elderly residents housing.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

Maintenance of public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

**TRANSPORT**

**Objective:**

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

**Activities:**

Construction and maintenance of roads, streets, bridges, drainage works, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Licensing transactions under contract with the WA Government.

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

The regulation and provision of tourism, area promotion and building control. Provision of rural services including weed control, vermin control and standpipes.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

## 2. REVENUE AND EXPENSES (Continued)

## (c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
		Balance <sup>(1)</sup> 1/07/14 \$	2014/15 \$	2014/15 \$	Balance <sup>(1)</sup> 30/06/15 \$	2015/16 \$	2015/16 \$	Balance 30/06/16 \$
Main Roads WA	Transport	177,574	0	(83,848)	93,726	0	(37,856)	55,870
CLGF 2011-12 FCWP	General Purpose Funding	190,431	0	(73,037)	117,394	0	(48,472)	68,922
FESA BFB	Law, Order, Public Safety	26,250	111,850	(105,000)	33,100	35,000	(31,000)	37,100
DLG - Cat Sterilisation	Law, Order, Public Safety	11,160	0	(1,886)	9,274	0	(2,592)	6,682
FESA - SES	Law, Order, Public Safety	10,935	22,282	(25,777)	7,440	4,676	(7,440)	4,676
Crime Prevention - CCTV	Law, Order, Public Safety	0	22,837	(800)	22,037	0	(22,037)	0
DEEWR - Sustainability OSHC	Law, Order, Public Safety	0	8,148	(8,148)	0	0	0	0
DEEWR - Sustainability Vacation	Education & Welfare	0	2,520	(2,520)	0	0	0	0
Dept Reg Development & Lands	Community Amenities	37,695	0	(29,587)	8,108	0	(8,108)	0
Dept Reg Development & Lands	Community Amenities	97,772	0	(82,810)	14,962	0	(14,962)	0
Dept Reg Development & Lands	Community Amenities	1,134,349	0	(345,800)	788,549	0	(495,466)	293,083
Dept Sport & Rec	Recreation & Culture	1,641	65,000	(63,193)	3,448	0	(3,448)	0
MRWA - Blackspot	Transport	25,404	165,304	(177,908)	12,800	0	(12,800)	0
MRWA - Regional Road Group	Transport	0	200,417	(200,417)	0	0	0	0
WALGA Road Safety	Transport	26,290	0	(20,813)	5,477	0	(5,477)	0
Wheatbelt NRM - Bakers Hill	Economic services	218,558	735,443	(769,228)	184,773	0	(184,773)	0
Dept Regional Development	Economic services	142,251	0	(122,399)	19,852	0	(19,852)	0
Avon Descent Sponsorship	Recreation & Culture	7,000	0	(7,000)	0	0	0	0
DRD-CLGF 2012-13 Individual	Other Properties & Services	0	783,124	(311,040)	472,084	0	(271,328)	200,756
DRD Royalties for Regions	Transport	0	1,027,386	0	1,027,386	0	0	1,027,386
Australian Football League	Recreation & Culture	0	50,000	(46,777)	3,223	0	(3,223)	0
Scitech Discovery Centre	Recreation & Culture	0	1,818	0	1,818	0	(1,818)	0
CLGF 2012-13 Shire of Dowerin	Recreation & Culture	0	150,000	(30,340)	119,660	0	(69,660)	50,000
Dept of Infrastructure - R2R	Transport	0	474,020	(311,340)	162,680	0	(162,680)	0
Mark Hay - Oyston Road	Transport	0	45,455	0	45,455	0	(45,455)	0
WDC - Age Friendly Footpaths	Transport	0	40,000	0	40,000	0	0	40,000
Water Corporation	Economic services	0	0	0	0	201,181	0	201,181
Department Communities	Economic services	0	0	0	0	10,438	0	10,438
DFES - Fire Mitigation Report	Law, Order, Public Safety	0	0	0	0	25,000	0	25,000
Kidsport/Silversport	Recreation & Culture	0	0	0	0	40,446	0	40,446
Town Hall Remedial Works	Recreation & Culture	0	0	0	0	127,400	0	127,400
<b>Total</b>		<b>2,107,310</b>	<b>3,905,604</b>	<b>(2,819,668)</b>	<b>3,193,246</b>	<b>444,141</b>	<b>(1,448,447)</b>	<b>2,188,940</b>

## Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		2,346,221	2,032,665
Restricted		7,823,012	9,352,769
		<u>10,169,233</u>	<u>11,385,434</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	469,890	494,602
Aged accommodation reserve	11	216,266	255,465
Housing reserve	11	248,079	242,782
Office equipment reserve	11	125,130	122,458
Plant & equipment reserve	11	524,607	600,754
Recreation reserve	11	0	18,131
Road & bridgework reserve	11	99,675	547,453
Refuse site reserve	11	363,859	228,755
Regional development reserve	11	892,705	873,645
Speedway reserve	11	137,911	134,967
Community bus replacement reserve	11	31,817	31,138
Septage pond reserve	11	357,491	324,006
Killara reserve	11	149,297	168,620
Stormwater drainage projects reserve	11	28,040	27,441
Recreation & community facilities reserve	11	772,149	810,814
Administration office reserve	11	662,257	671,050
Council building & amenities reserve	11	33,038	130,204
River town pool dredging reserve	11	289,875	283,686
Parking facilities construction reserve	11	120,488	123,583
Art collection reserve	11	21,682	21,219
Reticulation Scheme Reserve	11	89,816	48,750
Unspent grants	2(c)	2,188,940	3,193,246
		<u>7,823,012</u>	<u>9,352,769</u>
		<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		1,440,123	1,152,338
Sundry debtors		576,778	1,277,154
GST receivable		171,387	175,694
Loans receivable - clubs/institutions		18,442	30,098
Accrued income		60,773	11,693
Less provision for doubtful debt		(99,088)	(124,729)
Prepaid expenditure		54,679	0
		<u>2,223,094</u>	<u>2,522,248</u>
<b>Non-current</b>			
Rates outstanding - pensioners		338,633	309,943
Loans receivable - clubs/institutions		71,652	90,094
		<u>410,285</u>	<u>400,037</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		20,385	30,222
Land held for resale - cost			
Cost of acquisition		15,500	15,500
		<u>35,885</u>	<u>45,722</u>



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016 \$	2015 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	9,947,600	9,947,600
- Independent valuation 2014 - level 3	5,296,000	5,296,000
- Additions after valuation - cost	14,381	0
	15,257,981	15,243,600
Land - vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	1,315,000	1,315,000
	1,315,000	1,315,000
	16,572,981	16,558,600
Buildings - non-specialised at:		
- Independent valuation 2014 - level 3	2,847,000	2,847,000
- Additions after valuation - cost	29,626	0
Less: accumulated depreciation	(134,139)	(66,252)
	2,742,487	2,780,748
Buildings - specialised at:		
- Independent valuation 2014 - level 3	33,366,330	33,372,000
- Management valuation 2014 - level 3	372,359	372,359
- Additions after valuation - cost	416,918	0
Less: accumulated depreciation	(1,429,372)	(752,657)
	32,726,235	32,991,702
	35,468,722	35,772,450
Total land and buildings	52,041,703	52,331,050
Furniture and equipment at:		
- Management valuation 2016 - level 3	131,776	0
- Management valuation 2015 - level 3	0	162,133
Less accumulated depreciation	0	0
	131,776	162,133
Plant and equipment at:		
- Management valuation 2016 - level 3	396,050	0
- Management valuation 2013 - level 3	0	317,230
- Management valuation 2016 - level 2	3,127,025	0
- Independent valuation 2013 - level 2	0	2,384,868
- Additions after valuation - cost	0	1,199,495
Less accumulated depreciation	0	(630,834)
	3,523,075	3,270,759
Bushfire equipment at:		
- Management valuation 2016 - level 2	1,475,266	0
- Independent valuation 2013 - level 2	0	801,000
- Additions after valuation - cost	0	112,812
- User defined	0	0
Less accumulated amortisation	0	(151,580)
	1,475,266	762,232
	57,171,820	56,526,174

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	15,243,600	14,381	0	0	0	0	0	0	15,257,981
Land - vested in and under the control of Council	1,315,000	0	0	0	0	0	0	0	1,315,000
<b>Total land</b>	<b>16,558,600</b>	<b>14,381</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,572,981</b>
Buildings - non-specialised	2,780,748	29,626	0	0	0	0	(67,887)	0	2,742,487
Buildings - specialised	32,991,702	416,918	(5,670)	0	0	0	(676,715)	0	32,726,235
<b>Total buildings</b>	<b>35,772,450</b>	<b>446,544</b>	<b>(5,670)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(744,602)</b>	<b>0</b>	<b>35,468,722</b>
<b>Total land and buildings</b>	<b>52,331,050</b>	<b>460,925</b>	<b>(5,670)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(744,602)</b>	<b>0</b>	<b>52,041,703</b>
Furniture and equipment	162,133	0	0	0	0	0	(30,357)	0	131,776
Plant and equipment	3,270,759	965,681	(313,991)	(137,030)	0	0	(262,344)	0	3,523,075
Bushfire equipment	762,232	0	0	755,514	0	0	(42,480)	0	1,475,266
<b>Total property, plant and equipment</b>	<b>56,526,174</b>	<b>1,426,606</b>	<b>(319,661)</b>	<b>618,484</b>	<b>0</b>	<b>0</b>	<b>(1,079,783)</b>	<b>0</b>	<b>57,171,820</b>

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>					
Land - freehold	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per hectare/ available market information
Land - freehold	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Non-specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Plant and equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>	2	Market approach using recent observable market data for similar assets	Management valuation	June 2016	Available market information
<b>Bushfire equipment</b>	2	Market approach using recent observable market data for similar assets	Independent valuation	June 2016	Available market information

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.



SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	Restated \$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - roads		
- Management valuation 2015 - level 3	90,231,730	90,231,730
- Additions after valuation - cost	2,285,604	0
Less accumulated depreciation	<u>(1,472,176)</u>	<u>0</u>
	91,045,158	90,231,730
Infrastructure - footpaths		
- Management valuation 2015 - level 3	3,983,776	3,983,776
- Additions after valuation - cost	624,837	0
Less accumulated depreciation	<u>(124,294)</u>	<u>0</u>
	4,484,319	3,983,776
Infrastructure - drainage		
- Management valuation 2015 - level 3	4,891,835	4,891,835
- Additions after valuation - cost	948,788	0
Less accumulated depreciation	<u>(57,234)</u>	<u>0</u>
	5,783,389	4,891,835
Playground equipment		
- Independent valuation 2015 - level 3	590,800	590,800
Less accumulated depreciation	<u>(64,224)</u>	<u>0</u>
	526,576	590,800
Other infrastructure		
- Independent valuation 2015 - level 3	9,571,500	9,571,500
- Additions after valuation - cost	728,186	0
Less accumulated depreciation	<u>(564,191)</u>	<u>0</u>
	9,735,495	9,571,500
Streetscape		
- Independent valuation 2015 - level 3	253,565	253,565
- Additions after valuation - cost	192,751	0
Less accumulated depreciation	<u>(8,800)</u>	<u>0</u>
	437,516	253,565
Bridges & culverts		
- Independent valuation 2015 - level 3	31,376,000	31,376,000
- Additions after valuation - cost	474,054	0
Less accumulated depreciation	<u>(419,725)</u>	<u>0</u>
	31,430,329	31,376,000
Aero		
- Independent valuation 2015 - level 3	1,055,000	1,055,000
Less accumulated depreciation	<u>(73,699)</u>	<u>0</u>
	981,301	1,055,000
	<u>144,424,083</u>	<u>141,954,206</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**7. INFRASTRUCTURE (Continued)****(b) Movements in Carrying Amounts**

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	90,231,730	2,285,604	0	0	0	0	(1,472,176)	0	91,045,158
Infrastructure - footpaths	3,983,776	624,837	0	0	0	0	(124,294)	0	4,484,319
Infrastructure - drainage	4,891,835	948,788	0	0	0	0	(57,234)	0	5,783,389
Playground equipment	590,800	0	0	0	0	0	(64,224)	0	526,576
Other infrastructure	9,571,500	728,186	0	0	0	0	(564,191)	0	9,735,495
Streetscape	253,565	192,751	0	0	0	0	(8,800)	0	437,516
Bridges & culverts	31,376,000	474,054	0	0	0	0	(419,725)	0	31,430,329
Aero	1,055,000	0	0	0	0	0	(73,699)	0	981,301
<b>Total infrastructure</b>	<b>141,954,206</b>	<b>5,254,220</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,784,343)</b>	<b>0</b>	<b>144,424,083</b>

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Playground equipment	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Streetscape	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Bridges & culverts	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Aero	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.



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	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	1,603,808	1,202,780
Accrued interest on debentures	40,138	35,622
Accrued salaries and wages	41,137	202,109
ATO liabilities	74,925	130,214
ESL payable	10,065	4,756
Accrued expenditure	445,958	0
	<b>2,216,031</b>	<b>1,575,481</b>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by floating charge		
Debentures	209,878	210,153
	<b>209,878</b>	<b>210,153</b>
<b>Non-current</b>		
Secured by floating charge		
Debentures	2,091,882	2,301,760
	<b>2,091,882</b>	<b>2,301,760</b>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	<b>Provision for Annual Leave</b>	<b>Provision for Long Service Leave</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2015</b>			
Current provisions	534,837	320,601	855,438
Non-current provisions	0	158,484	158,484
	534,837	479,085	1,013,922
Additional provision	67,541	152,089	219,630
Amounts used	0	(35,500)	(35,500)
<b>Balance at 30 June 2016</b>	<b>602,378</b>	<b>595,674</b>	<b>1,198,052</b>
<b>Comprises</b>			
Current	602,378	404,942	1,007,320
Non-current	0	190,732	190,732
	<b>602,378</b>	<b>595,674</b>	<b>1,198,052</b>



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11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance	Actual 2016 Transfer to	Actual 2016 Transfer (from)	Actual 2016 Closing Balance	Budget 2016 Opening Balance	Budget 2016 Transfer to	Budget 2016 Transfer (from)	Budget 2016 Closing Balance	Actual 2015 Opening Balance	Actual 2015 Transfer to	Actual 2015 Transfer (from)	Actual 2015 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave reserve	494,602	10,788	(35,500)	469,890	255,465	22,224	(41,380)	236,309	512,931	18,774	(37,103)	494,602
Aged accommodation reserve	255,465	20,570	(59,770)	216,265	494,602	12,213	(18,500)	488,315	249,145	25,021	(18,701)	255,465
Housing reserve	242,782	5,297	0	248,079	242,782	5,995	0	248,777	234,208	8,574	0	242,782
Office equipment reserve	122,458	2,672	0	125,130	48,750	41,204	0	89,954	118,133	4,325	0	122,458
Plant & equipment reserve	600,754	602,065	(678,212)	524,607	122,458	3,024	0	125,482	487,733	377,872	(264,851)	600,754
Recreation reserve	18,131	448	(18,579)	0	600,754	504,964	(678,212)	427,506	30,226	1,105	(13,200)	18,131
Road & bridgework reserve	547,453	11,914	(459,692)	99,675	18,131	448	(18,579)	0	623,888	28,987	(105,422)	547,453
Refuse site reserve	228,755	155,104	(20,000)	363,859	547,453	23,479	(187,180)	383,752	182,085	66,670	(20,000)	228,755
Regional development reserve	873,645	19,059	0	892,704	228,756	155,754	0	384,510	114,375	759,270	0	873,645
Speedway reserve	134,967	2,944	0	137,911	873,646	21,573	(80,000)	815,219	130,201	4,766	0	134,967
Community bus replacement reserve	31,138	679	0	31,817	134,968	3,333	0	138,301	30,039	1,099	0	31,138
Septage pond reserve	324,006	33,485	0	357,491	31,139	769	0	31,908	245,028	78,978	0	324,006
Killara reserve	168,620	10,677	(30,000)	149,297	324,006	34,416	0	358,422	148,921	19,699	0	168,620
Stormwater drainage projects reserve	27,441	599	0	28,040	154,372	7,000	(30,000)	131,372	46,521	1,703	(20,783)	27,441
Recreation & community facilities reser	810,814	17,631	(56,296)	772,149	27,441	1,067	0	28,508	625,572	272,760	(87,518)	810,814
Administration office reserve	671,050	14,638	(23,431)	662,257	810,813	20,022	(431,296)	399,539	470,224	200,826	0	671,050
Council building & amenities reserve	130,204	2,834	(100,000)	33,038	671,050	16,570	0	687,620	147,308	5,391	(22,495)	130,204
River town pool dredging reserve	283,686	6,189	0	289,875	130,203	3,215	(100,000)	33,418	273,667	10,019	0	283,686
Parking facilities construction reserve	123,583	77,696	(80,791)	120,488	283,686	7,005	(223,600)	67,091	162,328	60,941	(99,686)	123,583
Art collection reserve	21,219	463	0	21,682	123,582	78,586	(49,314)	152,854	15,646	5,573	0	21,219
Reticulation Scheme Reserve	48,750	41,066	0	89,816	21,219	524	0	21,743	0	48,750	0	48,750
	<b>6,159,523</b>	<b>1,036,818</b>	<b>(1,562,271)</b>	<b>5,634,070</b>	<b>6,145,276</b>	<b>963,385</b>	<b>(1,858,061)</b>	<b>5,250,600</b>	<b>4,848,179</b>	<b>2,001,103</b>	<b>(689,759)</b>	<b>6,159,523</b>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.



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11. RESERVES - CASH BACKED (CONTINUED)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave reserve	Ongoing	For the provision for employees' future liability commitments i.e. Annual leave, long service requirements and negotiated gratuities and sickness payouts. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised.
Aged accommodation reserve	Ongoing	For the provision of future capital works requirements for aged units at Kuringal Village, Wundowie and other sites within the Shire of Northam. Funds not expected to be used in a set period as further transfers to the reserve account are expected.
Housing reserve	Ongoing	This is a reserve established for future construction of Community Housing in Wundowie. Funds are not expected to be used in a set period of time.
Office equipment reserve	Ongoing	For the acquisition and upgrading of Council offices, furniture, computers and general equipment.
Plant & equipment reserve	Ongoing	For the acquisition and upgrading of the Council works plant and general equipment in accordance with the plant replacement program. Funds are not expected to be used in a set period of time as further transfers to the reserve account are expected as funds are utilised.
Recreation reserve	Closed 2014/15	For the development and improvement of recreation and sporting facilities within the Shire of Northam. Its is anticipated this reserve will be fully utilised 2015/2016
Road & bridgework reserve	Ongoing	For the provision of upgrading of road and bridge infrastructure within the Shire of Northam. Funds not expected to be used in a set period as further transfers to the reserve account are anticipated.
Refuse site reserve	Ongoing	For the development of refuse sites and related expenditure on infrastructure and equipment, including the provision for a future replacement facility and /or site. Funds are not expected to be used in a set period as transfers to the reserve account are anticipated
Regional development reserve	Ongoing	To provide for future projects whereby a broader range of development ideas may be required to be encouraged on a regional basis, in consultation with other stakeholders and/or Local Governments. Funds are not expected to be in a set period as future transfers to the reserve are anticipated.
Speedway reserve	Ongoing	For the provision of funds for the possible future rehabilitation works required at the Northam Speedway site on Fox Road Northam. No date has been specified for the use of this reserve.



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11. RESERVES - CASH BACKED (CONTINUED)

Community bus replacement reserve	Ongoing	For the future replacement of the Shire of Northam Community Buses. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.
Septage pond reserve	Ongoing	For the future upgrades and maintenance to septic ponds and related infrastructure. Funds are not anticipated to be used in the set period as further transfers to the reserve account are anticipated
Killara reserve	Ongoing	To provide a reserve for surplus funds from Killara operations and restricted cash for any unspent Killara grants. No date has been specified for the use of this reserve
Stormwater drainage projects reserve	Ongoing	To provide funds for the stormwater drainage projects in the Shire. No date has been specified for the use of this reserve
Recreation & community facilities reserve	Ongoing	For Recreation and Public facilities. 2% of the net rates levied each year are set aside for the provision of recreation and sporting facilities
Administration office reserve	Ongoing	To provide funds for the expansion or relocation of the Shire of Northam Administration Centre. No date specified for the use of this reserve.
Council building & amenities reserve	Ongoing	For the maintenance and upgrading of Council buildings and amenities. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.
River town pool dredging reserve	Ongoing	For the provision of dredging and maintenance of the River Town Pool. Funds are not expected to be used in a set period as further transfers are anticipated.
Parking facilities construction reserve	Ongoing	For the provision of future car parking facilities. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.
Art collection reserve	Ongoing	Provision for the care and maintenance of the Shire of Northam's Art Collection, including the acquisition and disposal of artworks. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.
Reticulation Scheme Reserve	Ongoing	Provision for future replacement/upgrading of water reuse and reticulation infrastructure. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised.



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12. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Buildings	13,990,111	0	0	0	13,990,111	13,990,111	0	0	0	13,990,111
Land	14,678,255	0	0	0	14,678,255	14,678,255	0	0	0	14,678,255
Plant and equipment	505,738	0	(137,030)	(137,030)	368,708	505,738	0	0	0	505,738
Bushfire equipment	318,627	755,514	0	755,514	1,074,141	318,627	0	0	0	318,627
Roads	61,612,861	0	0	0	61,612,861	0	61,612,861	0	61,612,861	61,612,861
Other infrastructure	4,991,681	0	0	0	4,991,681	0	4,991,681	0	4,991,681	4,991,681
Streetscape	27,232,861	0	0	0	27,232,861	0	27,232,861	0	27,232,861	27,232,861
Bridges & culverts	289,838	0	0	0	289,838	0	289,838	0	289,838	289,838
Playground equipment	590,800	0	0	0	590,800	0	590,800	0	590,800	590,800
	<u>124,210,772</u>	<u>755,514</u>	<u>(137,030)</u>	<u>618,484</u>	<u>124,829,256</u>	<u>29,492,731</u>	<u>94,718,041</u>	<u>0</u>	<u>94,718,041</u>	<u>124,210,772</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>10,169,233</u>	<u>5,450,600</u>	<u>11,385,434</u>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net result	367,568	2,569,439	3,139,860
Non-cash flows in net result:			
Depreciation	3,864,126	3,263,710	3,540,043
(Profit)/loss on sale of asset	87,399	144,029	15,647
Loss on fair value through profit or loss	0	0	2,553,874
Gross Profit on Land held for resale	0	0	(240,295)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	258,808	401,835	(710,337)
(Increase)/decrease in inventories	9,837	10,000	30,239
Increase/(decrease) in payables	640,550	363,658	(535,648)
Increase/(decrease) in provisions	184,130	100,000	144,521
Grants contributions for the development of assets	<u>(1,746,295)</u>	<u>(5,060,836)</u>	<u>(3,383,030)</u>
Net cash from operating activities	<u>3,666,123</u>	<u>1,791,835</u>	<u>4,554,874</u>

	2016 \$	2015 \$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	15,000	10,000
Credit card balance at balance date	(678)	(2,565)
<b>Total amount of credit unused</b>	<u>114,322</u>	<u>107,435</u>
<b>Loan facilities</b>		
Loan facilities - current	209,878	210,153
Loan facilities - non-current	2,091,882	2,301,760
<b>Total facilities in use at balance date</b>	<u>2,301,760</u>	<u>2,511,913</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**14. CONTINGENT LIABILITIES**

The Shire has no contingent liabilities as at 30 June 2016.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	11,420	0
- later than one year but not later than five years	45,681	0
- later than five years	<u>0</u>	<u>0</u>
	<u>57,101</u>	<u>0</u>
<b>(b) Capital Expenditure Commitments</b>		
Contracted for:		
- Capital expenditure projects	516,090	597,467
- Plant & equipment purchases	0	214,031
Payable:		
- not later than one year	516,090	811,498
The commitment at 30 June 2016 relates to: Tendered Contract in place for the Bernard Park Drainage Project.		
The commitment at 30 June 2015 relates to: Tendered Contract in place for the Bernard Park Drainage Project.		
Capital expenditure commitments		
Wundowie stage 1	\$262,645	
Roads to Recovery clydesdale bridge	\$108,000	
CLGF drainage	\$226,822	\$597,467
Plant and equipment		
Wundowie truck	\$74,031	
Wundowie water truck	\$140,000	\$214,031



**SHIRE OF NORTHAM  
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**16. JOINT VENTURE ARRANGEMENTS**

The Shire together with the Department of Housing and works have a joint venture housing arrangement for the provision of eight aged care accommodation units at Lot 410 Kuringal Road Wundowrie. The joint venture has been established since 1996.

	2016 \$	2015 \$
<b>Non-current assets</b>		
Land and buildings	819,627	790,000
Less: accumulated depreciation	<u>(28,311)</u>	<u>(12,511)</u>
	<u>791,316</u>	<u>777,489</u>

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2016 \$	2015 Restated \$
Governance	5,882,741	6,828,127
General purpose funding	1,778,756	1,205,946
Law, order, public safety	2,795,306	2,149,880
Health	141,182	135,334
Education and welfare	4,579,145	5,065,185
Housing	1,009,630	1,504,121
Community amenities	1,552,588	6,739,057
Recreation and culture	34,700,130	36,179,529
Transport	138,930,160	133,583,008
Economic services	2,959,873	6,167,944
Other property and services	465,000	465,000
Unallocated	<u>19,639,889</u>	<u>12,810,690</u>
	<u>214,434,400</u>	<u>212,833,821</u>



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18. FINANCIAL RATIOS	2016	2015 Restated	2014
Current ratio	1.55	2.14	1.48
Asset sustainability ratio	0.91	0.73	0.68
Debt service cover ratio	7.20	1.97	2.90
Operating surplus ratio	(0.11)	(0.02)	(0.12)
Own source revenue coverage ratio	0.70	0.69	0.71

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 61 of this document.

Two of the 2016 and three of the 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015 and the early payment of debt during 2015 which also affected the Current Ratio

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,695,087

The Debt Service Cover and Operating Surplus ratios as disclosed above were distorted by an item of significant expense being the loss on revaluation of fixed assets amounting to \$2,540,851.

The Debt Service Cover ratio as disclosed above was distorted by early repayment of the following loans during 2015.

	\$
Loan 215	89,196
Loan 206	186,240
Loan 226	375,863
Loan 217	638,478
Loan 218	79,251
	1,369,028

These items are considered "one-off" timing/non-cash in nature and, if they were ignored, the calculations disclosed in the columns above would be as follows:

	2016	2015
Current ratio		1.35
Debt service cover ratio	11.83	7.29
Operating surplus ratio	0.02	0.05



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**19. TRUST FUNDS**

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Town hall bond	1,500	3,800	(4,300)	1,000
Lesser hall bond	900	2,000	(2,000)	900
Nominations deposits	0	840	(640)	0
POS cash in lieu	338,929	7,220	0	346,149
Bonds building	34,500	1,000	0	35,500
Crossovers bond	86,392	0	(1,000)	85,392
Recreation centre bonds	400	3,000	(3,000)	400
Facilities bonds	200	42,019	0	42,219
Footpath/kerbing deposit	96,500	21,500	(17,500)	100,500
Retentions	169,175	45,886	(83,087)	131,974
Sundry trust	13,310	0	0	13,310
Standpipe key	6,900	550	(150)	7,300
Resited dwelling	37,200	30,834	(30,834)	37,200
Deposits extractive industries	261,547	6,528	0	268,075
Other	15,748	3,261	(2,397)	16,612
Other rental bond	200	0	(200)	0
Animal traps bonds	130	223	(223)	130
Storm damage donations	175	0	0	175
	<u>1,063,706</u>			<u>1,086,836</u>

**20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
<b>Governance</b>								
PN1315 CEO vehicle (N4082) MV1315	0	0			46,647	29,000	0	(17,647)
<b>Law, order, public safety</b>								
PN1303 CESHM vehicle (N4056) MV1303	23,134	9,091	0	(14,043)	25,001	10,000	0	(15,001)
PN1223 Ranger vehicle (N4021) MV1228					20,019	10,000		(10,019)
PN1304 Ranger vehicle (N4057) MV1304	17,341	12,816	0	(4,525)	21,552	10,000	0	(11,552)
Fire shed clackline	5,670		0	(5,670)				
<b>Health</b>								
PN1215 SEHO vehicle (N10734) MV1218	15,000	12,273	0	(2,727)	15,995	13,000	0	(2,995)
<b>Community amenities</b>								
PN1208 Senior planner vehicle (N10714) MV1208	12,000	8,192	0	(3,808)	12,000	12,000	0	0
<b>Recreation and culture</b>								
MV1305	27,550	21,364	0	(6,186)	29,437	20,000	0	(9,437)
<b>Transport</b>								
PN0812 Wundowie truck (N3647) 9216	25,000	20,910	0	(4,090)	25,000	31,045	6,045	0
PN1201 Flocon (N008) MV1201 & MV1202					90,751	73,427	0	(17,324)
P5029 Quad bike (N5173) 9029	6,834	1,500	0	(5,334)	7,417	7,276	0	(141)
PN0905 Ride on mower (N3779) 9240	20,587	7,000	0	(13,587)	22,169	8,211	0	(13,958)
P5017 Dynapac vibrating roller (N9166) 9017					3,794	3,047	0	(747)
PN1009 Two way tip truck (N3885) RP1009	94,685	65,500	0	(29,185)	111,342	50,000	0	(61,342)
PN1205 Reticulation utility (N10709) MV1206					8,635	12,636	4,001	0
Flail Mower wundowie					0	5,000	5,000	0
PN1301 SV6 commodore sedan (N4030) MV1302	23,100	17,727	0	(5,373)	24,726	20,000	0	(4,726)
PN1410 Ford ranger crew cab	28,760	35,889	7,129	0				
<b>Economic services</b>								
PN1221 Building mtc vehicle (N10728) MV1213	10,000	8,636	0	(1,364)	11,752	10,000	0	(1,752)
PN1219 Snr building surveyor vehicle (N3433) MV1224	10,000	11,364	1,364	0	12,434	20,000	7,566	0
	<u>319,661</u>	<u>232,262</u>	<u>8,493</u>	<u>(95,892)</u>	<u>488,671</u>	<u>344,642</u>	<u>22,612</u>	<u>(186,641)</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2016	Repayments	Repayments
	2015		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>								
Loan 223 Recreation facilities	579,122	0	102,423	102,423	476,699	476,699	33,566	37,485
Loan 224 Recreation facilities	976,294	0	36,236	36,236	940,058	940,058	62,686	69,264
<b>Transport</b>								
Loan 221 Airstrip upgrade	37,519	0	11,749	11,749	25,770	25,770	2,154	2,435
<b>Economic services</b>								
Loan 225 Victoria oval purchase	798,785	0	29,647	29,647	769,138	769,138	51,289	56,671
<b>Other property and services</b>								
	2,391,720	0	180,055	180,055	2,211,665	2,211,665	149,695	165,855
<b>Self Supporting Loans</b>								
<b>Recreation and culture</b>								
Loan 208 Northam country club (*)	25,270	0	4,918	4,919	20,352	20,351	1,771	1,938
Loan 219 Northam bowling club (*)	94,923	0	25,180	25,180	69,743	69,743	5,146	5,752
	120,193	0	30,098	30,099	90,095	90,094	6,917	7,690
	2,511,913	0	210,153	210,154	2,301,760	2,301,759	156,612	173,545

\* Self supporting loan financed by payments from third parties.  
 All other loan repayments were financed by general purpose revenue.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2002 to assist with short term liquidity. The balance at the bank overdraft at 1 July 2015 and 30 June 2016 was \$nil.

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
01 GRV townsite	0.1056	2,988	37,552,380	3,964,443	97,002	(43)	4,061,402	3,964,443	16,000	600	3,981,043
02 GRV northam commercial/ industrial	0.1163	248	11,255,466	1,308,470	0	0	1,308,470	1,308,470	1,000	100	1,309,570
<b>Unimproved value valuations</b>											
05 Agricultural local	0.0057	519	160,924,000	913,888	0	0	913,888	913,888	5,000	100	918,888
06 Agricultural regional	0.0047	208	111,632,000	525,340	0	0	525,340	525,340	5,000	100	530,440
07 Rural small holding	0.0065	546	95,829,000	620,397	4,125	0	624,522	620,397	3,000	100	623,497
<b>Sub-Total</b>		<b>5,209</b>	<b>420,536,758</b>	<b>7,332,538</b>	<b>101,127</b>	<b>(43)</b>	<b>7,433,622</b>	<b>7,332,538</b>	<b>30,000</b>	<b>1,000</b>	<b>7,363,538</b>
<b>Minimum payment</b>	<b>\$</b>										
<b>Gross rental value valuations</b>											
GRV townsite	865	915	4,211,349	791,475	0	0	791,475	790,610	0	0	790,610
GRV northam commercial/ industrial	865	48	185,998	41,520	0	0	41,520	41,520	0	0	41,520
<b>Unimproved value valuations</b>											
Agricultural local	865	136	11,523,418	117,640	0	0	117,640	117,640	0	0	117,640
Agricultural regional	865	205	23,189,539	177,325	0	0	177,325	177,325	0	0	177,325
Rural small holding	865	106	13,223,000	91,690	0	0	91,690	91,690	0	0	91,690
<b>Sub-Total</b>		<b>1,410</b>	<b>52,333,304</b>	<b>1,219,650</b>	<b>0</b>	<b>0</b>	<b>1,219,650</b>	<b>1,218,785</b>	<b>0</b>	<b>0</b>	<b>1,218,785</b>
		<b>6,619</b>	<b>472,870,062</b>	<b>8,552,188</b>	<b>101,127</b>	<b>(43)</b>	<b>8,653,272</b>	<b>8,551,323</b>	<b>30,000</b>	<b>1,000</b>	<b>8,582,323</b>
<b>Total amount raised from general rate</b>							<b>8,653,272</b>				<b>8,582,323</b>
Ex-gratia rates							13,273				12,900
							<u>8,666,545</u>				<u>8,595,223</u>



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**23. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus 1 July 15 brought forward</b>	<u>4,006,739</u>	<u>5,811,966</u>	<u>5,811,966</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	2,346,221	2,032,665	2,032,665
Restricted	7,823,012	9,352,769	9,352,769
Receivables			
Rates outstanding	1,440,123	1,152,338	1,152,338
Sundry debtors	576,778	1,277,154	1,277,154
GST receivable	171,387	175,694	175,694
Loans receivable - clubs/institutions	18,442	30,098	30,098
Accrued income	60,773	11,693	11,693
Less provision for doubtful debt	(99,088)	(124,729)	(124,729)
Prepaid expenditure	54,679	0	0
Inventories			
Fuel and materials	20,385	30,222	30,222
Land held for resale - cost			
Cost of acquisition	15,500	15,500	15,500
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(1,603,808)	(1,202,780)	(1,202,780)
Accrued interest on debentures	(40,138)	(35,622)	(35,622)
Accrued salaries and wages	(41,137)	(202,109)	(202,109)
ATO liabilities	(74,925)	(130,214)	(130,214)
ESL payable	(10,065)	(4,756)	(4,756)
Accrued expenditure	(445,958)	0	0
Current portion of long term borrowings			
Secured by floating charge	(209,878)	(210,153)	(210,153)
Provisions			
Provision for annual leave	(602,378)	(534,837)	(534,837)
Provision for long service leave	(404,942)	(320,601)	(320,601)
<b>Unadjusted net current assets</b>	<u><b>8,994,983</b></u>	<u><b>11,312,332</b></u>	<u><b>11,312,332</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(5,634,071)	(6,159,523)	(6,159,523)
Less: Land held for resale - cost			
Cost of acquisition	(15,500)	(15,500)	(15,500)
Less: Loans receivable - clubs/institutions	(18,442)	(30,098)	(30,098)
ADD: Current Portion of long term loan borrowings			
secured by floating charge	209,878	210,153	210,153
Leave reserve cash backed	469,890	494,602	494,602
<b>Adjusted net current assets - surplus</b>	<u><b>4,006,739</b></u>	<u><b>5,811,966</b></u>	<u><b>5,811,966</b></u>

**Difference**

There was no difference between the surplus 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus carried forward position as disclosed in the 2015 audited financial report.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

The Shire did not impose any specified area rates.

**25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR**

**Waivers or Concessions**

Rate or fee and charge to which the waiver or concession is grant	Type	Discount % or \$	Actual \$	Budget \$
Rate assessment	Write-off		722	1,000
			<u>722</u>	<u>1,000</u>

**27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	25-Sep-15	0	0.00%	11.00%
<b>Option Two</b>				
First instalment	25-Sep-15	0	5.50%	11.00%
Second instalment	25-Nov-15	10		
<b>Option Three</b>				
First instalment	25-Sep-16	0	5.50%	11.00%
Second instalment	25-Nov-16	10		
Third instalment	25-Jan-16	10		
Fourth instalment	28-Mar-16	10		
			<b>Revenue</b>	<b>Budgeted Revenue</b>
			\$	\$
Interest on unpaid rates			107,837	90,000
Interest on instalment plan			28,622	28,500
Charges on instalment plan			35,580	37,000
			<u>172,039</u>	<u>155,500</u>



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

<b>28. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	408	352
General purpose funding	74,731	78,909
Law, order, public safety	83,465	89,144
Health	36,678	33,011
Education and welfare	66,832	114,356
Housing	33,672	42,806
Community amenities	2,594,825	2,511,888
Recreation and culture	322,657	334,832
Transport	87,459	140,076
Economic services	412,667	426,582
Other property and services	3,953	120
	<u>3,717,347</u>	<u>3,772,076</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**29. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	1,668,784	5,040,516
Law, order, public safety	205,826	162,764
Education and welfare	1,181,390	1,031,700
Recreation and culture	251,640	346,818
Transport	373,823	355,948
Economic services	47,933	2,985
	<u>3,729,396</u>	<u>6,940,731</u>
<b>Non-operating grants, subsidies and contributions</b>		
Governance	0	783,124
Law, order, public safety	102,715	0
Community amenities	0	1,027,386
Recreation and culture	49,657	0
Transport	1,369,361	774,616
Economic services	224,562	797,904
	<u>1,746,295</u>	<u>3,383,030</u>
	<u>5,475,691</u>	<u>10,323,761</u>



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>98</u>	<u>98</u>
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**31. ELECTED MEMBERS REMUNERATION**

The following fees, expenses and allowances were paid to council members and/or the president.

	2016 \$	2016 Budget \$	2015 \$
Meeting fees	176,843	182,000	169,318
President's allowance	36,636	36,636	36,636
Deputy President's allowance	9,159	9,159	7,196
Travelling expenses	16,164	13,000	11,708
ICT expenses	33,816	35,000	32,756
	<u>272,618</u>	<u>275,795</u>	<u>257,614</u>

**32. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2015/16.

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**34. FINANCIAL RISK MANAGEMENT**

The Shire's activities expose it to a variety of financial risks including credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

*The Shire held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	10,169,233	11,385,434	10,169,233	11,385,434
Receivables	2,633,379	2,922,285	2,633,379	2,922,285
	<u>12,802,612</u>	<u>14,307,719</u>	<u>12,802,612</u>	<u>14,307,719</u>
<b>Financial liabilities</b>				
Payables	2,216,031	1,575,481	2,216,031	1,575,481
Borrowings	2,301,760	2,511,913	2,611,826	2,864,032
	<u>4,517,791</u>	<u>4,087,394</u>	<u>4,827,857</u>	<u>4,439,513</u>

**Fair value is determined as follows:**

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**34. FINANCIAL RISK MANAGEMENT (Continued)**  
**(a) Cash and Cash Equivalents**

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash is also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash.

	2016 \$	2015 \$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	123,395	104,162
- Statement of Comprehensive Income	123,395	104,162

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**34. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	<b>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	93%	80%
- Overdue	7%	20%

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**34. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity sensitivity table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>2016</b>					
Payables	2,216,031	0	0	2,216,031	2,216,031
Borrowings	366,796	1,203,643	1,798,580	3,369,019	2,301,760
	<u>2,582,827</u>	<u>1,203,643</u>	<u>1,798,580</u>	<u>5,585,050</u>	<u>4,517,791</u>
<b>2015</b>					
Payables	1,575,481	0	0	1,575,481	1,575,481
Borrowings	366,766	1,390,581	1,978,438	3,735,785	2,511,913
	<u>1,942,247</u>	<u>1,390,581</u>	<u>1,978,438</u>	<u>5,311,266</u>	<u>4,087,394</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**34. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**Borrowings (continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year ended 30 June 2016</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	25,771	69,743	497,049	0	1,709,196	2,301,759	6.38%
Weighted average Effective interest rate	0.00%	6.22%	5.90%	6.12%	0.00%	6.48%		
<b>Year ended 30 June 2015</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	37,519	94,923	604,392	1,775,079	2,511,913	6.37%
Weighted average Effective interest rate	0.00%	0.00%	6.22%	5.90%	6.12%	6.48%		



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**35. PRIOR PERIOD CORRECTIONS**

Balances relating to the 2015 comparative year have been amended due to the correction of prior period errors. These errors have been adjusted as shown below and, in accordance with the requirements of AASB101.

The Revaluation of Councils Road Network was overstated during the revaluation carried out to determine the fair value as per AASB 13, the fair value has now been rectified as represented below.

<b>Effect of the above:</b>	<b>Original Balance \$</b>	<b>Amount of Adjustment \$</b>	<b>Adjusted Balance \$</b>
<b>Statement of Comprehensive Income as of 30 June 2015</b>			
<b>- by Nature or Type</b>			
Changes on revaluation of non-current assets	173,189,563	78,471,522	94,718,041
Total other comprehensive income	173,189,563	78,471,522	94,718,041
Total comprehensive income	176,329,423	78,471,522	97,857,901
<b>- by Program</b>			
Changes on revaluation of non-current assets	173,189,563	78,471,522	94,718,041
Total other comprehensive income	173,189,563	78,471,522	94,718,041
Total comprehensive income	176,329,423	78,471,522	97,857,901
<b>Statement of Financial Position</b>			
Infrastructure	220,425,728	78,471,522	141,954,206
Total Non-Current Assets	277,351,939	78,471,522	198,880,417
Total Assets	291,305,343	78,471,522	212,833,821
Revaluation Surplus	202,682,294	78,471,522	124,210,772
Total Equity/Net Assets	286,204,027	78,471,522	207,732,505
<b>Statement of Changes in Equity</b>			
Changes on Revaluation of non-current Assets	173,189,563	78,471,522	94,718,041
Total Other Comprehensive Income	173,189,563	78,471,522	94,718,041
Total Comprehensive Income	176,329,423	78,471,522	97,857,901
<b>Note 7 - Infrastructure</b>			
Roads	177,578,863	87,347,133	90,231,730
Footpaths	0	(3,983,776)	3,983,776
Drainage	0	(4,891,835)	4,891,835
Total Infrastructure	220,425,728	78,471,522	141,954,206
<b>Note 12 - Revaluation Surplus</b>			
Roads	140,084,383	78,471,522	61,612,861
Total Revaluation Surplus	202,682,294	78,471,522	124,210,772
<b>Note 17 - Total Assets Classified by Function and Activity</b>			
Transport	212,054,530	78,471,522	133,583,008
Total Assets Classified by Function/Activity	291,305,343	78,471,522	212,833,821



Annual Report 2015/16



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### INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF NORTHAM

#### REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Northam, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

#### Management's Responsibility for The Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation and fair presentation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Auditor's Opinion

In our opinion, the financial report of the Shire of Northam is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).



## MOORE STEPHENS

### INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF NORTHAM (CONTINUED)

#### Report On Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 61 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it they are not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 2 November 2016  
PERTH, WA



**SHIRE OF NORTHAM  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.98	0.92	0.75
Asset renewal funding ratio	0.98	0.99	0.92

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$



Annual Report 2015/16



2 November 2016

## MOORE STEPHENS

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### MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2016

We advise that we have completed our audit procedures for the year ended 30 June 2016 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

### COMMENT ON RATIOS

Ratios provide useful information when compared to industry and internal benchmarks and assist in identifying trends.

By providing this overview, we aim to improve the understanding of the trends and how they interact. This is beneficial for the allocation of scarce resources and planning for the future.

Information relating to the statutory ratios disclosed in the financial report is summarised in the table below and our commentary is provided on the following pages.

	Target Ratio <sup>1</sup>	Actual 2016	Council's Adjusted Ratios					Council's 5 Year Trend <sup>2</sup>	4 Year Average <sup>3</sup>	
			2016	2015	2014	2013	2012		Regional	State
Current Ratio	≥ 1	1.55	1.55	1.35*	1.48	1.18	1.14	↑	2.48	2.29
Asset Sustainability Ratio	≥ 1.1	0.91	0.91	0.74	0.68	1.24	1.25	↓	1.38	1.23
Debt Service Cover Ratio	≥ 15	7.20	11.83*	7.29*	2.90	3.36	5.91	↑	11.82	14.01
Operating Surplus Ratio	≥ 0.15	(0.11)	0.02*	0.05*	(0.12)	0.12	0.06	↓	(0.08)	(0.02)
Own Source Revenue Coverage Ratio	≥ 0.9	0.70	0.70	0.69	1.00	0.63	0.68	↓	0.56	0.68
Asset Consumption Ratio	≥ 0.75	0.98	0.98	0.92	0.75	0.77	N/A	↑	0.77	1.16
Asset Renewal Funding Ratio	≥ 1.05	0.98	0.98	0.99	0.92	0.80	N/A	↑	0.97	1.00

<sup>1</sup> Target ratios per Department of Local Government Guidelines except the Debt Service Ratio which is a target devised by Moore Stephens (and based on experience). For information, DLGC Guidelines indicate a target Debt Service Cover Ratio of 5.

<sup>2</sup> The 5 year trend compares the 2016 ratio to the average of the adjusted ratios for the last 5 years (except for the Asset Consumption and the Asset Renewal Funding Ratios which are a 4 year trend).

<sup>3</sup> The average in relation to the Regional and State comparisons is a 4 year average of 2012, 2013, 2014 and 2015.

\* Adjusted for "one-off" timing/non-cash items.

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**COMMENT ON RATIOS (CONTINUED)**

**MOORE STEPHENS**

**Adjustment relating to 2016**

Two of the 2016 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-2016 Financial Assistance Grant (FAGs) on 30 June 2015. The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,695,087.

This item is considered "one-off" and timing in nature and was adjusted when calculating the ratios in the above table (as shown by "\*") as were relevant comparative year ratios (which had been affected by similar "one-off" items).

**Regional and State 4 Year Averages**

Regional and State 4 year averages are based on the statutory ratios which have been reported in published financial reports. Whilst no adjustments have been made for "one-off" and timing items, they still provide a useful reference point as they are indicative of trend.

**Commentary on Specific Ratios**

• **Operating Surplus Ratio**

The Operating Surplus Ratio represents the percentage by which the operating surplus (or deficit) differs from the Shire's own source revenue which includes rates and operating grants.

This ratio has deteriorated slightly from the previous year and it is trending downwards over the last five years and is currently below the target level. It is however, above the State and Regional averages.

Analysis of the Shire's Statement of Comprehensive Income indicates the main reason for the deterioration of the ratio to be a significant decrease in the amount of grants and other revenue not being matched by a decrease in operating expenses during the year ended 30 June 2016.

Both Council and Management will need to consider ways to improve the operating surplus position further either via increasing revenue or by decreasing expenditure (or combination of both). This will be dependent upon the Council and management's understanding of the Shire circumstances and the interaction operating surplus has on other ratios and operations in general.

**Summary**

The Shire's ratio position, after adjustment for FAGs detailed above are factored in, appears reasonably consistent with prior years.

Whilst some ratios are below the accepted industry benchmark, lower ratios may be expected and acceptable in the short term, provided other measures/strategies are maximised. This is particularly so given the rationale above, and the relative strength of the other ratios and the Shire's balance sheet.

Notwithstanding this, a number of the ratios do appear to be trending downwards over the longer term and this should be considered moving forward.

We would also like to take this opportunity to stress one-off assessments of ratios at a particular point in time can only provide a snapshot of the financial position and operating situation of the Shire. As is the case with all ratios and indicators, their interpretation is much improved if they are calculated as an average over time with the relevant trends being considered.

We will continue to monitor the financial position and ratios in future financial years and suggest it is prudent for Council and management to do so also as they strive to manage the scarce resources of the Shire.

If the Shire requires, we have a report available which is able to compare your ratios against other Local Governments across the State and by Region. The report is also able to incorporate a selection of your peer Local Governments, whether they be of near neighbours or similar type in nature. This may be of particular relevance in your case as you are included in the South West region when comparison to other, more similar local governments, may be more relevant. If you are interested in such an expanded report, please contact us.



## MOORE STEPHENS

We noted no other matters we wish to bring to your attention.

We take this opportunity to thank all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



Greg Godwin  
Partner

Encl.