



Shire of Northam  
*Heritage, Commerce and Lifestyle*

# Annual Report

2017/2018

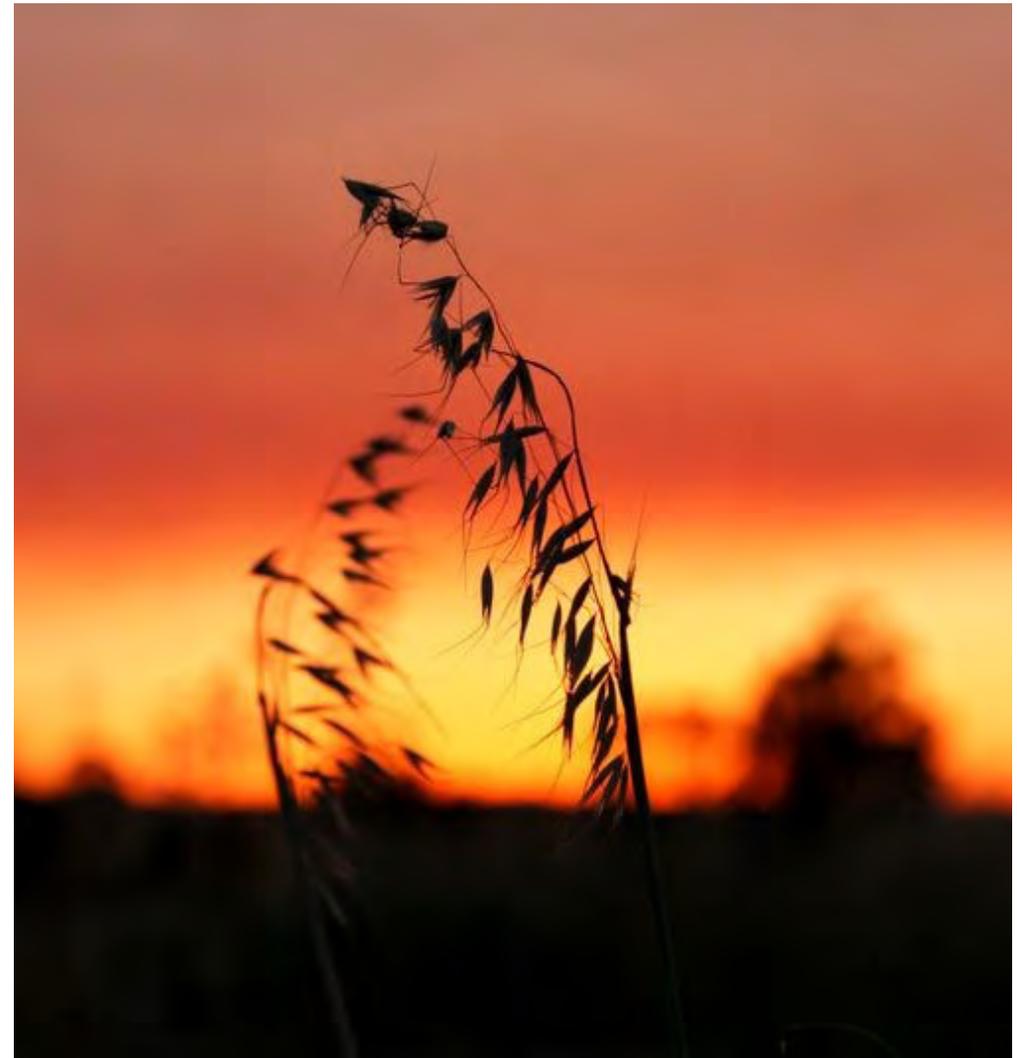




Shire of Northam  
*Heritage, Commerce and Lifestyle*

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# Introduction

The annual report is a comprehensive (statutory) Council document which focuses on the past 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 in agriculture, its economic base has been diversifying to include tourism, retails, manufacturing, light industrial and mineral resources, as well as an expanding service industry. The Shire of Northam maintains a significant local road network, including Great Eastern Highway which links 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.





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# President's Message

It has been an exciting past 12 months for the Shire of Northam. Thanks to all Councillors of the Shire, especially to Cr Michael Ryan who has been a great Deputy President over the past 8 months. All Councillors strive to ensure the best outcomes are achieved for all ratepayers and residents across the entire Shire.

I would like to extend my thanks and appreciation to Cr Denis Beresford, Cr Des Hughes and Cr Ulo Rumjanstev for all of their hard work and dedication as Councillors over a number of years. Their combined efforts and dedication to the Shire has proved to be invaluable.

During the October 2017 elections, 3 new Councillors were elected, being Cr Attila Mencshelyi (Central Ward), Cr Michael Ryan (Town Ward) and Cr Carl Della (Town Ward), with Cr Terry Little (West Ward) and Cr Steve Pollard (Town Ward) being re-elected.

Each and every one of the Councillors has provided benefit to the Shire of Northam with each having added value by allowing me to fulfil my role as President.

Our Chief Executive Office is Mr Jason Whiteaker. Jason has completed 5 years with the Shire of Northam with a new contract of 5 years having recently been agreed to and implemented. Council and the Chief Executive Officer have agreed Key Performance Indicators to ensure the best possible outcomes for all Shire ratepayers and residents. Thank you to Jason for continuing to work tirelessly for the Shire.

Within our Corporate Business Plan for 2017-2018, the Shire has identified 6 key strategic drivers. These drivers allow us to focus on areas to benefit the Shire. These drivers are; The Agricultural Sector, Transport and logistics, Government Agencies and the associated services, Our location and commutable distance from the state capital city, the strong infrastructure connections to the capital city and mining centres, and our Status as a regional centre.

As can be seen over the entire Shire, there is a large amount of investment. It is estimated that





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# President's Message

combined, these investments exceed over \$250 million, spread over the current and next financial year. What is notable, is that the investment spend is spread across both private and all levels of Government.

There are a number of key projects and events within the Shire. Some of the key events hosted over the 2017/18 year include the 2017 Northam Balloon Fiesta, the Motor Sport Festival and the Avon Descent Festival.

Some of the Shire's major capital projects include:

- The Bilya Koort Boodja Centre, which opened with great fanfare in August 2018. Bliya Koort Boodja translates to River Heart Land and celebrates our rich cultural and environmental history.
- Bakers Hill drainage improvements, which continue in order to address storm damage sustained over a number of years.
- The Youth Precinct is due to start being built in late 2018, within the Jubilee Recreation area, and construction due to be completed by mid-2019.
- The Northam Swimming Pool. Construction of the new 50 metre outdoor heated pool, and the associated facilities, is due to start construction in 2019.
- Continued focus on Rural Roads and verges. Council has allocated additional resources in the budget to maintain a focus within these areas.

We continue to have a strong and vibrant Shire, which is evidenced by both our business and wider community. Together, we can all continue to ensure our Shire continues to thrive.





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# Elected Members

Local government ordinary elections are held on the third Saturday in October every two years. On 21 October 2017 the Shire of Northam welcomed new Elected Members Carl Della, Michael Ryan and Attila Mencshelyi to Council and farewelled Denis Beresford, Ulo Rumjantsev and Des Hughes.



Cr Attila Mencshelyi

Central Ward



Cr Terry Little

West Ward



Cr Chris Davidson

West Ward



Cr Julie Williams

Central Ward



Cr Steven Pollard

Town Ward



Cr John Proud

Town Ward



Cr Michael Ryan

Town Ward



Cr Rob Tinetti

Town Ward



Cr Carl Della

Town Ward





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# Chief Executive Officer

It is my pleasure to provide this 2018 financial year summary for your information.

This was another year of progress within our organisation, with a strong commitment to safety, accountability, openness and respect. These values have very much underpinned and driven strong organisational performance across a range of service areas.

Safety continues to be the cornerstone of our organisation. In 2014 we had Local Government Insurance Services undertake an AS/NZS 4801:2001 audit around our safety systems and processes. This audit highlighted a 28% performance rating against this Australia standard, which was concerning. Considerable effort was put in by all staff to address this issue which resulted in a 2016 audit which returned a 67% performance rating – a significant improvement. Since 2016 considerable effort has been put into further improving our safety systems, which has continued in 2017/18. The progress we are making against audit identified deficiencies are now reported through to our Council Audit & Risk Committee, highlighting that most issues have now been addressed. We will have another audit in 2018/19 to track our progress once again.

The improvement in our safety systems has seen a considerable decrease in lost time injuries (LTI). Our LTI's average from 2011 – 2013 was 34.5, last year our LTI's were 5.1, which is slightly below our average across 2014-2018 which was 8.9. The commitment of our staff to safety is encouraging, however we still have work to do on the ground to ensure our systems and processes are being understood and implemented. Looking forward it is certainly my aim to have a dedicated OHS member on our staff to be out in the field ensuring safety is at the forefront of the minds of our staff.

In 2017/18 Council approved the implementation of an internally driven audit function. This is taking a risk-based approach, utilising the various external audits and assessments we have had done over the past three years to assist our Audit & Risk Committee identify areas we should be exposing to additional audit. The first two areas identified were customer service and procurement.

The procurement audit came back with very positive results; however, it did identify several areas of possible improvement. Staff are implementing the recommendations from the procurement audit and reporting our progress back to Council, via the Audit & Risk Committee.





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# Chief Executive Officer

Similarly, with the customer service audit, the overall results were positive, however in order to meet the standards established in ISO10000, there were a range of recommended actions which are currently being implemented. As part of our ongoing commitment to being open and accountable, our progress is being reported back to Council, via the Audit & Risk Committee.

Financial sustainability and management are critical to our organisational success and consequently has been a strong focus. We have a very robust long-term financial plan in place, which we are utilising as a management tool to assist in a range of budgeting decisions throughout the year.

Key financial indicators highlight the strong and improving financial position of the Shire of Northam. It is pleasing that in the 2017/18 financial year our financial indicators all meet the established Department of Local Government benchmark, which indicates the Shire of Northam is in a healthy financial position. The below table indicates the Council's financial performance as assessed by the Department of Local Government. It highlights the strong financial position and performance of the Council. Our Long-Term Financial Plan indicates this strong performance is set to continue into the foreseeable future.

Financial Year	<b>NORTHAM OVERALL RESULTS</b>	Current Score	Asset Consumption Score	Asset Renewal Score	Asset Sustainability Score	Debt Service Cover Score	Operating Surplus Score	Own Source Revenue Coverage Score
2013/2014	63	9.9	10	8.5	0	7.9	0	8.9
2014/2015	62	10	10	9.1	0	6.8	0	8.7
2015/2016	74	10	10	9	7.1	10	0	8.8
2016/2017	97	10	10	9	9	10	10	8.9

There continue to be significant historical issues which have challenged staff over the past year, we continue to focus in the areas of concern, for example:

Northam CBD drainage – the works undertaken have largely addressed concerns, evidenced by the recent significant rainfall events and our ability to cope with these. The last part of the CBD drainage was around resolving issues in front of the new BKB – these have now been addressed. CBD drainage is no longer viewed as a critical issue.



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# Chief Executive Officer

Bakers Hill drainage – has been a significant issue for, some would say, 20 years. These issues are certainly now under control and being managed which has reflected in a significant reduction in complaints. Whilst in recent times there has been some criticism of the lack of work undertaken by Council, this is simply not the case. A drive out into these subdivisions will quickly show the level of commitment shown by the Shire of Northam (see picture insert of *Improvement Works at Almond Ave*)

Gravel road maintenance – with the adoption of the road infrastructure asset plan in 2017 a new set of service standards have been established to ensure clarity around timing of gravel road maintenance works. Our current service commitment is to grade every gravel road in the Shire once, with our RAV routes being graded twice and school bus routes three times per year. It is encouraging to note that we are currently meeting our service targets.

Finally, I would like to acknowledge the efforts and commitment of our staff. We have some exceptional and committed staff working at the Shire of Northam delivering great services and facilities to our organisation. I would very much like to acknowledge their contribution and commitment over the past twelve months.

Jason Whiteaker

Chief Executive Officer





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# 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



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# Vision & Mission

## Vision for the Future

The 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.

## Our Mission

In order to achieve our Vision the Shire of Northam has established an organisational Mission commitment, which is;

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



# Strategic Community Plan

## Theme Area 1: Economic Growth

### Small Business Friendly

The Shire of Northam signed the Small Business Friendly Local Government Charter in 2017/18. The initiative was developed by the Small Business Development Corporation and is focussed on supporting small business in Western Australia. The Shire of Northam is now proudly displaying the Small Business Friendly Local Governments logo and is committed to supporting our local small business community through a number of activities.



### Investment Prospectus

The Shire of Northam commenced developing an Investment Prospectus to provide useful information about the Shire of Northam to those who may be interested investing in our Shire. The content has been finalised and publishing is expected to occur in the 2018/19 financial year.

### Pop Up Shop

The Pop Up Shop initiative continued in 2017/18. Pop Shop's in 2017/18 included Avon Valley Art Society and Kimberley Gouges (jewellery and designer dresses). Promotion of this initiative will continue in 2018/19.

### Heritage Investment Strategy

The Heritage grant was available in 2017/18 however no applications were received by the Shire. This initiative will continue into 2018/19 and will offer dollar for dollar assistance, up to a maximum of \$20,000 for facade improvements to businesses within the CBD.

### Local Price Preference Policy Review

This policy was subject to a review in May 2018 and was presented to the Audit Committee Meeting on 1 June 2018 and endorsed by Council for public advertising at the Ordinary Council meeting held on 20 June 2018. The primary changes to the Policy were related to realigning the policy with the *Local Government Act 1995* which was identified as part of the Procurement Review.



### Northam Visitor Centre

The Shire of Northam's Tourism & Events team is based at the Northam Visitor Centre. The Tourism & Events team are responsible for regional and event promotion, visitor servicing, and the undertaking of tourism & 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.

Visitations to the Northam Visitor Centre have declined in 2017/18 by a figure of around 600 people. July to October remain the busiest months for visitations to the centre, owing primarily to events, ballooning operations, and the presence of wildflowers in the area. It is believed that although visitor numbers in the Visitor Centre are lower than the previous year, overall visitations are thought to have actually increased to the town and wider Avon Valley region; based on feedback received, and an increased number of interactions and followers on social media overall. In the 2017/18 financial year, the Shire of Northam also exhibited at Dowerin Field Days, which allowed staff to raise more awareness of Northam as a destination.



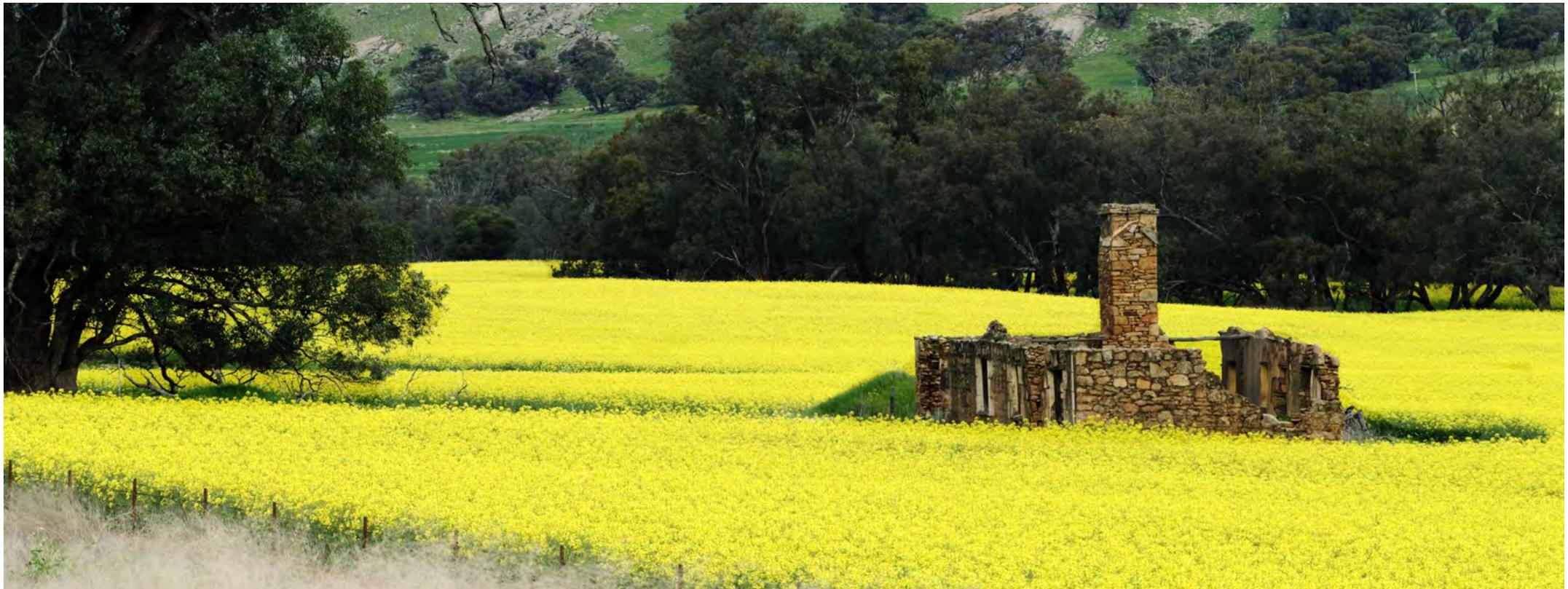
# Strategic Community Plan

## Theme Area 1: Economic Growth

### **Northam Visitor Centre (Cont'd)**

The Shire of Northam was successful once again in receiving funding in the 2017/18 financial year from Tourism Western Australia, as part of Round 3 of the Visitor Centres Sustainability Funding. This funding has been allocated to the professional development of Tourism staff, and the installation of additional security cameras in the Visitor Centre precinct to supplement those installed in the initial round of funding.

As was the case in previous years, 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, as well as awareness of the new destination branding.



### Events

With regards to our events programme, we have been actively involved in the planning, approval, execution, or marketing of a large number of well attended events in the 2017/2018 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:

- Avon Descent & Avon River Festival
- Australia Day Ceremony & Concert
- Northam Motorsport Festival, Twilight Motorkhana
- Seniors Week sing-along luncheon
- Christmas on Fitzgerald (including the switch on of Northam's Christmas decorations)
- The National Ballooning Championships & Northam Balloon Fiesta

We have been pleased to note that the overall quality of events (according to feedback received) and community engagement with our events has continued to improve over the last 12 months, and we hope to further the upwards trend as we progress. This process has been improved in the 2017/18 financial year by the introduction of public surveys following major events, which offer more tangible feedback to use for improvements and changes.

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.

The Tourism & Events team would like to thank the Shire of Northam Council for their continued support and look forward to another successful year servicing the Northam Community.





# Strategic Community Plan

## Theme Area 1: Economic Growth

### Statutory Planning

The Shire of Northam is responsible for planning its local communities by ensuring appropriate planning controls exist for land use and development. The Shire does this by preparing and administering what is known as a Local Planning Scheme and Local Planning Strategy. Local governments are required to prepare a Local Planning Scheme (the Scheme) in accordance with the Planning & Development Act 2005 and the relevant regional planning scheme.

The Scheme is a legal document that sets out policies and controls for how land in the Shire's area of jurisdiction can be used and developed. It contains information about long term planning and strategies and about how infrastructure and development will occur in the Shire's jurisdiction area.

The Shire's Scheme is known as 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 2017/18 financial year.

The Shire has not adopted any new local planning policies over the 2017/18 financial year, however, has undertaken a review of a number of its existing policies including Local Planning Policy No. 13 – Ancillary Dwellings (the Shire's 'granny flat' policy) and Local Planning Policy No. 19 – Residential Design Guidelines for the Rural Residential and Rural Smallholding Zones.





# Strategic Community Plan

## Theme Area 1: Economic Growth

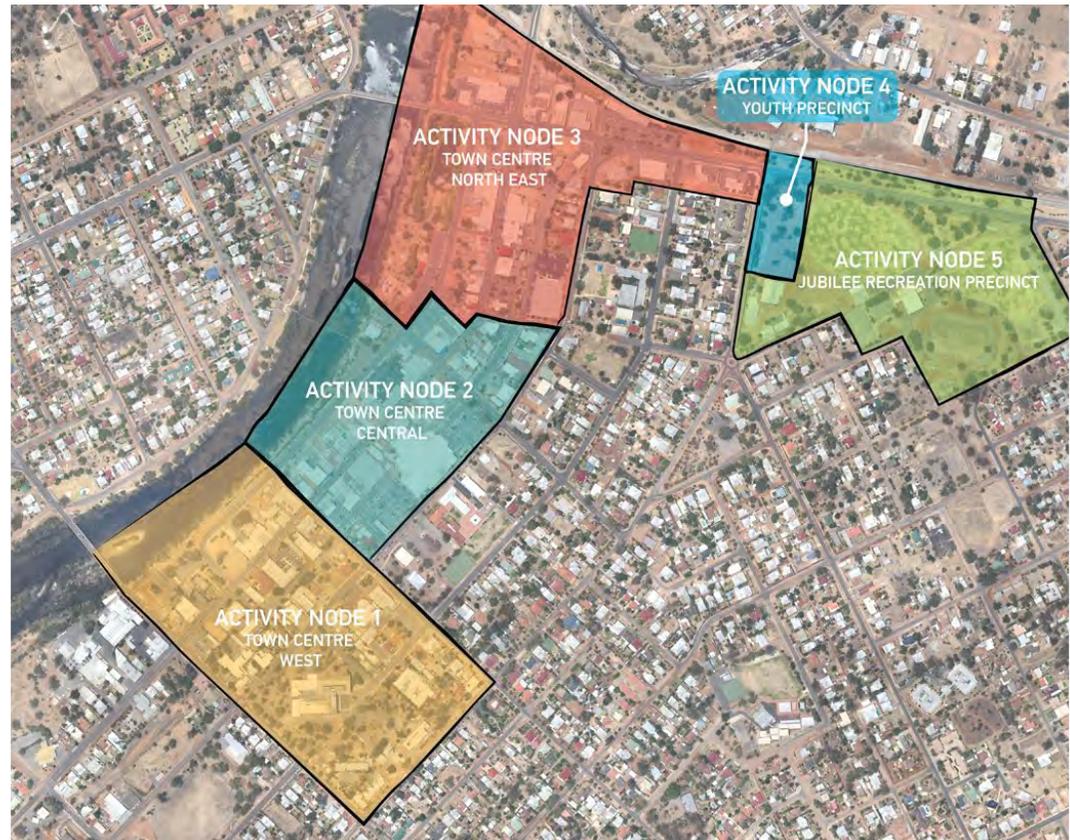
### Scheme Amendments

During the 2017/18 financial year, 5 scheme amendments were gazetted and finalised. These are:

- Scheme Amendment No. 5 – this Scheme Amendment sought to introduce changes to the provisions of Special Use No's. 9 and 12 that apply to the park homes and proposed new lifestyle village at El Caballo;
- Scheme Amendment No. 12 – this Scheme Amendment sought to introduce Tourist Accommodation as an additional use over Residential Lots 201 and 202 Duke Street West (opposite the Duke's Inn);
- Scheme Amendment No. 6 – this was an omnibus amendment of the Scheme that included a total of 31 proposals;
- Scheme Amendment No. 10 – this proposal sought to rezone Lot 860 Yilgarn Avenue, Malabaine from 'Rural' zone to 'Special Use' (Special Use No. 13) for a roadhouse and associated uses; and
- Scheme Amendment No. 11 – this Scheme Amendment sought to recode Lot 23 (#9) Jessup Terrace to 'Residential R15/30).

### 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, Northam Town Centre Development and Connectivity Strategy and the Shire of Northam Biodiversity Strategy.



# Strategic Community Plan

## Theme Area 2: Community Wellbeing

### Northam Aquatic Centre

Detailed planning for the Northam Aquatic Centre has now been completed with tender for construction due to be advertised in September 2018. The new Aquatic Centre will be located adjacent to the Northam Recreation Centre and will feature a 50 metre outdoor pool, leisure pool and learn to swim area (all heated), play area, associated facilities and shade and BBQ areas. The heating of the pools will result in the pools being available for an extended period each year.

Construction is expected to take approximately 12 months with a completion towards the end of 2019.



### Swimming Pools

Despite the cooler summer leading the Shire to close the pools four weeks earlier than in 2016/17, attendances at the Northam Pool were comparable to last year highlighting the success of the many programs run at the pool this year. The Wundowie Pool experienced fewer attendances due to the Education Department aligning its program with the end of the year, however this was compensated for with events such as open days, Australia Day parties, Dive-in-disco, overnight swim-thru and an Easter egg hunt to end the season were being well attended. This all led to a reduction of the operational subsidy by 10% on 2016/17.

# Strategic Community Plan

## Theme Area 2: Community Wellbeing

### Community Plans

The Community planning process continued in 2017/18 with the adoption of the Bakers Hill Community Plan in September 2017.

The Grass Valley Community Plan is currently nearing completion with community consultation via a community survey and a consultation workshop being held in early 2018.

The draft plan will be presented to the community for comment prior to being presented to Council for adoption.

### Art Collection Committee

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

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

The total pieces in the collection exceeds 130 and was valued in 2017 to be worth over \$165,000.

Photographs and information on the collection is being collated and added to the Council website.



# Strategic Community Plan

## Theme Area 2: Community Wellbeing

### Community Alcohol Management Plan

The Alcohol and Other Drug Management Plan reached the end of its two year lifespan and therefore the stakeholder group moved into period of review and future planning. Prior to this the plan addressed the issue of incorrect disposal of needles within the Shire, including OHS for staff who find syringes, education and upgrades of needle disposal units and the 'Safe Sharps' phone app. A community perceptions and a stakeholder survey were conducted as part of the review process. These surveys helped to identify community priorities related to alcohol, other drug and mental health related issues. The surveys were followed by a redevelopment workshop. Through the review stages a strong focus emerged on young people in Northam, incorporating their mental health and wellbeing.

The long term outcome for the new plan 2018-2020 is:

To reduce the harms associated with alcohol and other drug misuse and anti-social behaviour for young people; improving their mental health and wellbeing through the enhancement of youth connections with education, support services and youth activities.

### Northam Youth Precinct

The Northam Youth Precinct was developed through a community engagement process with the final design being approved by Council and the tender for construction being awarded in September.

The precinct contains a number of features, including skate bowl, flying fox, Parkour, nature play area, 3 on 3 basketball, BBQ and shade areas and is designed as a family friendly youth activity area. It is located as part of the Northam Sporting Precinct, with close proximity to the Northam Recreation Centre and soon to be constructed Aquatic Centre.

Construction is due to commence in October 2018, with a completion scheduled for March 2019.



# Strategic Community Plan

## Theme Area 2: Community Wellbeing

### Recreation Centre

The popularity of the recreation centre continues to grow with attendances 8% higher than 2016/17. Despite St Johns Ambulance, a regular hirer, moving into its own facility, the marketing efforts being focused in this direction paid dividends with 29% increase in facility hire numbers in 2017/18. The social sports programme saw a number of different sports including floorball, netball, volleyball, basketball, soccer and badminton all well facilitated.

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. Indoor Hockey had a great season with involvement being so large they started a junior competition which will continue for their 2017/18 season.



### Senior Sport

A fantastic initiative of council, the Senior Sport program that provides assistance for Seniors to remain active was a massive success with 155 participants (33 of whom were new or returning to sport) across nine providers taking advantage of the physical, social and mental benefits of increased physical activity.

### Sporting Precinct

The sporting precinct overcame a number of challenges to host the 2017 AFA Preliminary and Grand Finals, as well as a revamped Springfield Football (Soccer) Club on the main oval, as well as the Northam Cricket Club's Twenty-20 competition under lights.

# Strategic Community Plan

## Theme Area 2: Community Wellbeing

### Aged Care - Killara Centre

The Killara Adult Day Care and Respite Centre (Killara) provides services for the aged and young people with a disability. Killara offers a variety of programs aimed at supporting clients to maintain their independence as well as social interactions in their community. Programs based at Killara are run daily and provide:

- Social activities promoting wellness
- Daily respite
- Overnight respite men's group
- A weekly group for young adults with a disability

This Year Killara has seen some integral changes in the way we can offer our services to the community due to changes to Aged and Disability funding. Killara state aged funding has changed to a national model of commonwealth funding.

The introduction and transition of My aged Care for eligibility and referral has seen some problems although with the valuable and skilled staff in our area we have been able to overcome most tribulations with little or no impact to our senior clients.

Northam was part of the Hills trial area for the National Disability insurance scheme (NDIS). This model was adopted on a national level earlier in the year which meant Killara would transition out of disability services. The weekly Count me in group for young people with disability HaCC funding was removed and placed into the NDIS pool for eligible clients. This meant the programme was not viable for Killara to maintain and the decision was made Killara would cease disability services.



# Strategic Community Plan

## Theme Area 2: Community Wellbeing

### Northam Library

During this year, the Library Service has focused its efforts in increasing the resources and skillsbase we can offer the community in information technology. We have received eSmart certification from the Alannah and Madeline Foundation and received a \$5,000 box of robotics equipment from the Telstra Foundation. We have also received (to date) \$3,500 from BeConnected, a federal government initiative that encourages older Australians to get online. As part of our service to the community we routinely help people perform online tasks such as passport applications, job applications and inductions, and citizenship enquiries. We now have seven public access terminals at Northam and eight public access terminals at Wundowie to allow everyone access to free internet, as well as eight laptops for training purposes, which is a target for this year as there have been requests to bring back the training courses done in late 2017.

We have repurposed the Swan Room into both meeting and local history room, and have been able to help people from New South Wales and South Australia who have been visiting Northam in hopes of tracing their ancestors. We have a computer located in the Swan Room for patrons wishing to spend time with databases such as Ancestry.com, which we receive from the State Library.

*Right: Mr Michael Letch explains the meaning of Anzac Day to children at a special story time.*



# Strategic Community Plan

## Theme Area 2: Community Wellbeing

### Northam Library (Cont'd)

The Swan Room is frequently utilized for meetings, hosting our own weekly writers and book club groups, Wanslea grandcarers group, and CANWA. It is also used to host exams for local students studying at Curtin, Murdoch and Charles Darwin universities. Online education is a growing trend worldwide, and library staff are happy to act as invigilators.

The Shire of Northam is now on the Public Libraries WA executive board, the only non-city library system to be represented in the eight libraries that make up the board.

Northam Library has moved to a new library management system; it is a free system used by fifteen thousand libraries worldwide, including Derby in WA. It offers several advantages over our old system, and we're looking forward to rolling those out in the coming year.

In terms of statistics, both Northam and Wundowie libraries have grown in the past year; we now have 2,503 active borrowers in both libraries from 2,296 last year, which means we serve 22 percent of the Shire of Northam's residents. Wundowie's loans have increased almost 50% this year to from 3,509 items in 16/17 to 5,083 in 17/18, while Northam's have increased from 40,474 items loaned in 16/17 to 42,950 in 17/18.





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# Strategic Community Plan

## Theme Area 3: Safety & Security

### Community Safety and Crime Prevention Plan

The Shire of Northam Community Safety Committee held meetings on a bi-monthly basis and continued to monitor initiatives that address the objectives of the Community Safety and Crime Prevention Plan.

Shire staff attended the Northam Police Station Open Day, promoting the role the Shire plays in community safety and crime prevention. Opportunities for crime and offending behaviour were reduced through raising community safety awareness and the continuation of the Lock and Light and e-Watch programs. Youth crime was addressed through collaborative programs such as the highly successful Night Hoops, inclusive school holiday programs and Keeping Kids in School program involving local retailers. Funding was obtained for the construction of the Northam Youth Precinct which will provide an additional diversionary outlet for young people. The Adopt a Spot program was launched in collaboration with the Bendigo Bank, who have been offering financial support towards litter prevention within the Shire. Discussions have progressed with the Shires of Toodyay and York in regards to collaborative subregional community safety initiatives. Crime Prevention through Environmental Design (CPTED) principles are being implemented on an ongoing basis. The design for the Northam Youth Precinct, incorporates CPTED principles.





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# Strategic Community Plan

## Theme Area 3: Safety & Security

### CCTV

Work has continued on the implementation of the Northam CCTV system, funded through the State CCTV Strategy. The CCTV system includes 4 new camera cluster sites, an upgrade of existing cameras and essential operating infrastructure including the wireless tower located on Mt Ommaney, primary server and a large screen viewing platform located at the Northam Police Station. This project was due to have been completed, however there have been significant delays experienced from the contractors. A fully functioning system is expected to be handed over in early 2018/2019. An additional \$257,166 was obtained through the Federal Governments Safer Communities Fund for a similar system to be implemented in Wundowie and for some expansion to the Northam network to ensure adequate coverage and safety at the soon to be constructed Northam Youth Precinct and Aquatic Centre.



# Strategic Community Plan

## Theme Area 4: Environment & Heritage

### Health

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

Additionally, a number of other permits are also issued including 52 stallholder permits in accordance with Council's Local Law and 17 event permits in accordance with the Health (Public Buildings) Regulations 1992. Some of the events approved included the Avon Descent, Avon River Festival, Northam Agricultural Show, National Balloon Championship, Ballooning Fiesta, Northam Women in Business Ball, Northam Vintage Swap Meet, Motor Mania Show and Shine, Pipeline Challenge, Northam Motor Sport Festival.

For the year 2017/18, there were 98 food businesses registered in the Shire of Northam which are regularly inspected by the Shire's Environmental Health Officers (EHO's), 35 approvals issued for the installation of new effluent disposal systems and 34 permits to use the systems. Plans and prior approvals are required for new systems and a Permit to Use is issued once the system is installed.

Water quality sampling of public swimming pools is conducted monthly during the summer months by the Shire's EHO's. The samples are sent for analysis to the Path Centre Waters Laboratory in Perth to gauge compliance with the Health (Aquatic Facility) Regulations 2007. 57 public pool water samples were submitted for testing in 2017/18 which all complied with the Department of Health's Guidelines.

Similarly 50 recycled water samples were also sent to Pathwest for bacteriological and amoebic testing in accordance with the systems licence requirements. The Northam system has some compliance issues and the Shire of Northam has been working with both consultants and the Water Corporation to secure upgrading of the system in the next few years.



# Strategic Community Plan

## Theme Area 4: Environment & Heritage

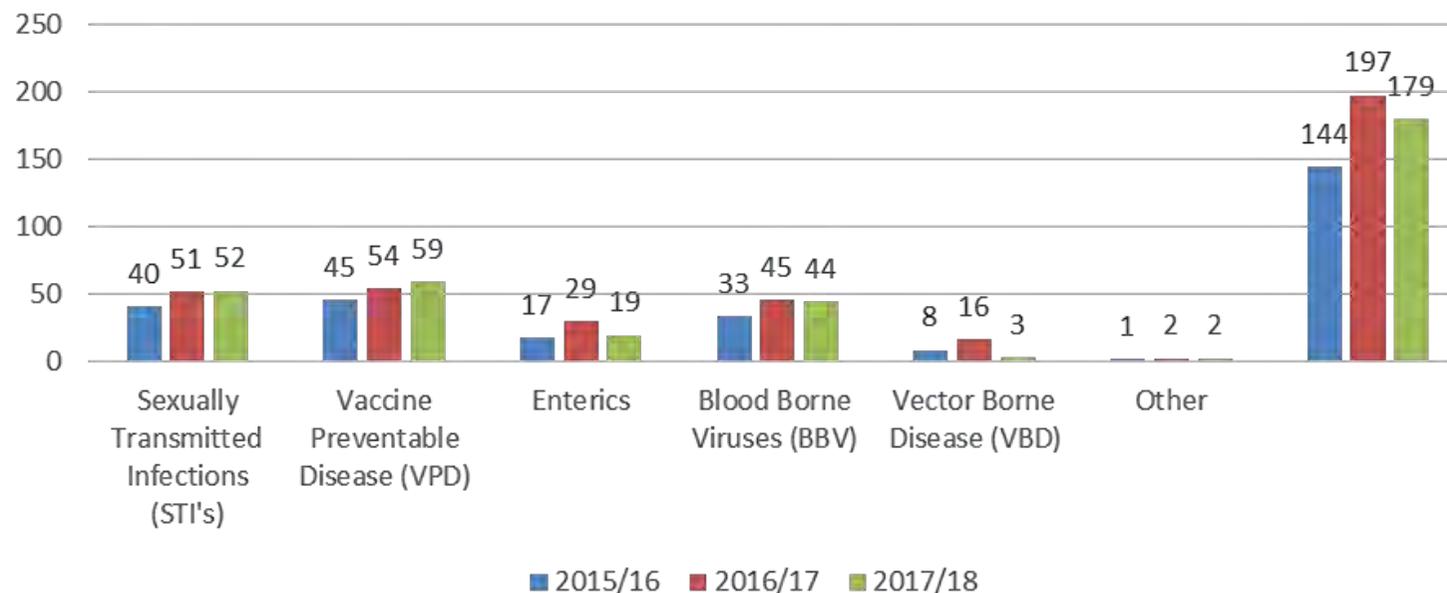
### Health (Cont'd)

The Health Department of Western Australia has reported 179 disease notifications within the Shire of Northam from 1 July 2017 to 30 June 2018, being a reduction of 18 cases from the previous year. These results indicate 59 Vaccine Preventable Diseases (VPD) which is an increase of 5 more cases from the previous. There were 44 Blood Borne Viruses (BBV) which is relatively steady to the previous year's figures and it should be noted cases from the Yongah Hill Immigration Detention Centre 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.

The diseases with the greatest prevalence in the Shire of Northam for the 2017/18 year were Chlamydia 38 notifications, Influenza 36 notifications, Hepatitis C 33 notifications, Varicella 22 notifications, Gonorrhoea 12 notifications and Hepatitis B 11 notifications and Campylobacter notifications 10.

There was a significant decrease in the number of cases of Ross River Virus reported in 2017/18 being only 2 and in the previous year 2016/17 it was considered to be high with 12 reported cases.

### Notifiable Diseases



### Waste

Approximately 25,300 and 4,800 tonnes of waste material was received at the Old Quarry Road and Inkpen Road Waste Management Facilities respectively, for the 2017/18 financial year.

Of the 25,300 tonnes of waste material received at the Old Quarry Road Waste Management Facility, approximately 21,770 tonnes of waste was landfilled and at the Inkpen Road Waste Management Facility, approximately 3,600 tonnes of waste was landfilled. There was also 878 tonnes of liquid waste deposited into the Old Quarry Road Septage Ponds for drying. The balance of the waste at both sites was recycled and included green waste, waste oil, tyres, car batteries, scrap metal and E-waste.

Monitoring of the groundwater at the Old Quarry Road Waste Management Facility was undertaken in

September 2017 and April 2018 as required under the premise licence issued by the Department of Water and Environmental Regulation. The ground water hydrology reports and Annual Monitoring Report were acceptable to the Department of Water and Environmental Regulation.

The septage ponds to rear of the premises were subject to server rainfall and flooding in Feb 2017 resulting in the closure of the ponds by the end of winter 2017. As such, there was a substantial decrease in the volume septage waste accepted for disposal taken in the financial year 2017-18. In April 2018 Septage Pond 2 was also excavated and relined as per the biannual works schedule.

Approximately 1,139 vehicle tyres of various sizes, 825 tonnes of scrap metal and 10 tonnes of vehicle batteries were diverted from the landfills sites and sent away for recycling. The Shire of Northam E-waste collection at the Old Quarry Road Waste Management Facility was down on previous years however this was due to the timing of the next load being transported for recycling into the next financial and therefore only one load of approximately 6 tonnes of E-waste collected for recycling, with a 98% recovery rate.



### **Waste (Cont'd)**

The Shire's waste oil receipt facilities at the both 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 16,700L of waste oil was received and collected for recycling in 2017/18.

The Shire of Northam, in conjunction with DrumMuster recycled 1,116 chemical containers during the 2017/18 financial year which were collected and crushed at the Old Quarry Road Waste Management Facility. Whilst the number of drums present for recycling were low again, it was considered to be due to the significantly later than normal autumn rains thus resulting in less weed spraying by farmers and also the development of a large reusable 1000L container now being purchased by many farmers\ instead of the 20L being recycled in the Drummuster program.

The free Bulk Bin Collection Service for the Northam town site was utilized to their maximum capacity with approximately 630 properties utilising these bins. This same free skip bin service that commenced in the Shire areas in August 2016 has increased to 202 properties utilising the service in 2017-18.

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 892 tonnes. All 892 tonnes of recyclables were transported to the Southern Metropolitan Regional Council (SMRC) for processing, with an 85% recyclable recovery rate.



# Strategic Community Plan

## Theme Area 4: Environment & Heritage

### Environmental Sustainability

The Shire of Northam has grown its focus on environmental sustainability and an officer position was appointed for the year 2017/18. The shires focus in this area has been on implementing the objectives of the Local Biodiversity Strategy (LBS). This has included providing environmental advice, mapping and the supply of environmental reports through the Environmental Planning Tool that provides key environmental considerations for clearing queries, development applications, maintenance and road widening projects.

In 2017/18 the Shire of Northam became Waterwise endorsed being one of 58 local governments within Western Australia. The Shire of Northam has been working closely with Water Corporation to improve the current reclaim water system and potentially increase the storage capacity, which will result in minimising the release of reuse water into the Avon River.

Rehabilitation was undertaken in 2017/18 with the focus being on the river banks of Town Pool and Avon River. This involved the removal of litter, slashing of weeds and the intensive planting of approximately 8,000 locally occurring native plants which included sedges, rushes, groundcovers, shrubs and trees.

The project was undertaken with the assistance of local community groups that included both volunteer and paid contractors. The rehabilitation project served to meet multiple objectives of the Local Biodiversity Strategy including improving riparian vegetation, reducing sedimentation, improving water quality, increasing fauna habitat and improving the overall aesthetics of the Town Pool area from a residential and tourism aspect.







Shire of Northam  
*Heritage, Commerce and Lifestyle*

# Strategic Community Plan

## Theme Area 4: Environment & Heritage

### Bilya Koort Boodja – Centre for Nyoongar Culture & Environmental Knowledge

The long awaited, Bilya Koort Boodja (meaning River Heart Land) Centre for Nyoongar Culture and Environmental Knowledge was near completion, with the finishing touches being organised in June. The official Opening was on the 10th & 11th August, 2018.

The Centre has been a collaborative project between the Shire of Northam and the Local Aboriginal community, who have been represented by an Aboriginal Advisory Group (AAG). The Shire has worked closely with AAG on all stages of the project, from original concept design development through to final building design and most importantly the story to be told, and how to tell it, in the interpretive space. The local aboriginal community was heavily involved in contributing stories, collecting botanical samples and preparing artefacts for the Centre. The Centre not only represents Northam, but tells the story of the Ballardong region, both from an Aboriginal cultural and an environmental view point.



### Bushfire Mitigation and Emergency Services

The Shire of Northam has over 400 Bushfire and SES Volunteers in the Shire. We attended over 100 fire and related incidents in 2017/08.

Through the Department of Fire and Emergency Services (DFES) Emergency Services Levy (ESL) the Shire rolled out the Scott Pro-mask full face respirators which provide an added layer of protection for our volunteers to use during the event of bush fires.

The Grass Valley BFB is currently getting a shed extension, and the Shire was successful in a bid to relocate and build a brand new state of the art facility for the Bakers Hill BFB, with construction likely to start in 2019.

The Wundowie BFB was formed and has a strong start of 15 members that will assist with the protection and preservation of life and property along the western edge of the Shire.



The National Bushfire Mitigation Program has now completed and allowed Council to install and maintain approximately 96km of firebreaks additional to 13 Hazard reduction burns to high and medium risk reserves across 32 land parcels being either reserves vested in Council or owned freehold. The Northam Bushfire Risk Management Plan has been completed in its draft form, and is currently going through the vetting process through OBRM, at the same time as specific risks are being identified to develop a treatment plan. This process should be completed within the 2018/19 financial year.



Shire of Northam  
Heritage, Commerce and Lifestyle

# Strategic Community Plan

## Theme Area 5: Infrastructure & Service Delivery

### Bushfire Mitigation and Emergency Services (Cont'd)

Shire of Northam BFB members attended a Rural Urban Interface (RUI) in Toodyay in September, and together with over 120 volunteers from across the region and metro area, further developed their skills to assist them with the often dangerous job of fighting wildfire.

Council staff are undertaking the Risk 2 Resource process, this document will form a strategic plan for the coming five to ten years of growth for the Shire, and ensure that council resources are appropriately allocated to provide the best service to the community. Part of this process is identifying ways of encouraging volunteer recruitment, officers are investigating the methods such as social media to promote community engagement and encourage interaction with the future volunteer firefighter.



### Engineering Services

The Shire's infrastructure predominantly consists of roads, footpaths, drainage, park furniture/ structures, street furniture, buildings, bridges, and the Northam cemetery and airport.

During the development of the annual budget for infrastructure, priority works were identified with reference to the Shire's asset management plans, long term financial plans and strategic community plans.

### Road Programs

The Shire has a focus on widening key rural roads aimed at improving road safety and building a more fit-for-purpose road for existing heavy haulage and commodity routes. The following roads were widened during the year:

- Jennapullin Road (From Clydesdale Road, 800m North)
- Irishtown Road (Hadrill Rd to Dumbarton Rd)
- Spencer Brook Road (2.5 km Burlong Precinct)
- Spencer Brook Road ( 0.8 km Spencer Brook-York Rd Intersection)
- Spencer Brook Road (1.8 km Mokine Precinct)
- Carter Road (Boramin Rd 800m West)



Resurfacing works were delivered during the year which were aimed at extending the useful life of the road. The following roads were ungraded from a spray sealed surface to a superior standard asphalt surface:

- Mitchell Avenue (Olympic Drv to John St)
- Fermoy Avenue (Lance St to Gregory St)
- Rockett Street (Full Length)
- Rushton Crescent (Full Length)
- Newman Street (Full Length)
- Bedford Street (Full Length)
- Mt Ommaney Road (150m)

### Drainage and Stormwater Management Improvements

The Shire has continued with drainage improvement works with the primary focus being in Bakers Hill Area. Works performed addressed reinstatement of drainage networks, and also upgrading drainage infrastructure for isolated areas that are susceptible to severe weather events, which form part of the Shire's long term drainage improvement programs.

King Creek (Purslowe Park) saw the existing major open channel drain upgraded to a concealed below-ground system. With the addition of constructed footpaths this provided connectivity and allowed a more usable appropriate space for Northam CBD area.

### Footpath Construction

A total of \$211,273 was spent on footpath construction or renewal works within the Shire. These projects reflected priorities identified in Council endorsed plans, and requests from the community, significant projects included:

- Fitzgerald Street, Northam
- Lobelia Avenue, Wundowie
- Lance Street, Northam



### Building Works

The building maintenance capital works program included multiple projects of varying sizes addressing restoration, upgrades and new construction. Some of the projects completed during the year included:

- Town Hall Restoration works - These works were funded through Lotteries Commission which restored the decorative render on external wall edge mouldings of the Northam Town Hall. As the building is on the State Heritage Register, the works needed to be done to the highest of quality and using as close as possible original materials to comply with conservation management plan criteria.
- Fluffy Ducklings Daycare - Stage 1 of this project funding through the Wheatbelt Development Commission, involved the modular building being craned-in next to the existing day-care centre. With the increase in size, this allowed the day-care centre to better service the local Wundowie community.
- Northam Cemetery Ablutions & Lot Extension - With the continuing expansion of the cemetery lots, the location of the original toilets were challenging for current visitors as there was no wheelchair or disability access. A new accessible toilet was constructed with a footpath linking the recently constructed niche wall.



### Management of Human Resources Policies, Procedures and Services

2017/2018 saw the restructure of the staff performance appraisal process. With a revised title to that of Staff Development Review and a shift from being issued by individual anniversary date to an organisational annual exercise, the process became more skills focused. In addition to these changes under the new structure staff remuneration is no longer addressed as part of the Staff Development Review process. From information provided on the review form both a staff training register and an organisational skills register will be created. These will be utilised for budgeting, recruitment and workforce planning purposes.

A partnership still exists between the shire of Northam and Central Regional TAFE where staff training is sourced through a "one stop shop" wherever possible. This ensures that the majority of money spent on training remains local and avoids the additional costs of travelling and accommodation.

The Health and Wellbeing Program which forms part of the Shire's Attraction and Retention Strategy continues to grow with added features such as Tetanus and Hep A/B vaccinations for those staff exposed to these infections. In addition to this in recognition of a lost time injury frequency rate of only 5.1 in 2017/18 staff were offered the opportunity to take part in a fitness program provided by local providers In Balance Physio and Health. This program was funded through insurers Local Government Insurance Services.

### Health & Safety

In line with the recommendations of the AS/NZS 4801 2001 Audit Report undertaken by Local Government Insurance Services in 2016 the Shire is now in a phase of reviewing and assessing the effectiveness of its OSH processes. A Safety Audit Framework has been created which will enhance the efficiency, effectiveness, and quality of operations. The Shire recently acquired Gold recognition for all work areas in the St John SAFE Workplace First Aid assessment. By participating in this assessment the organisation has committed to providing a safe and healthy workplace for both staff and visitors and is the first regional Local Government in WA to achieve this award.



# Strategic Community Plan

## Theme Area 6: Governance & Leadership

### Branding

In the 2017/18 financial year, Council committed funds to a new destination rebrand for use by the wider Northam Community. The new destination brand is based around the tagline of READY.SET.GO, which is structured around 3 key pillars:

- READY- For use in communications focused on business, agriculture, investment etc.
- SET- For use in communications focused on community
- GO- For use in communications focused on tourism & events

This branding can be applied across a range of applications, and is intended to be used by various stakeholders throughout the Shire of Northam in their communications. At present, the #visitnortham brand is still in use, although plans are being developed to transition across to the new tourism pillar of READY.SET.GO.



**READY.SET.GO**

# Strategic Community Plan

## Theme Area 6: Governance & Leadership

### Ranger Services

Dog registrations have significantly decreased and this is an indication of the growing number of dog owners taking advantage of the Shire's low fee for lifetime registration of a sterilised dog rather than re-registering for the one or three year options.

The annual "Dogs Day Out" was held in October, being themed as "Howloleen". This event was well attended and provided the ideal opportunity to provide the educational information and promotional material in the complimentary "doggy bag" as well as offering on-site registration and arranging for micro-chipping.

We continue to promote responsible ownership through the promotion of complimentary leads and promotion of the "I'm Alert" educational program available on our website. This year we are including a flyer for the program with our mail out of dog registration renewals as well as a mention in our September Newsletter.



Dog impounds, attacks and infringements have all decreased, suggesting an increased compliance with regulations.

Cat registrations have risen since last year and this is partially due to the continuation of the Cat Subsidisation Program provided through the Shire in partner with local Veterinary businesses conducting sterilisation and micro-chipping services.

Shire Rangers continue to target the feral cat problem with requests for cat traps continually high.

Last year saw the inspection of every property's firebreak/fuel load within the Shire boundary resulting in a greater number of Work Orders and Infringements than the previous year. We expect a higher compliance this year due to the greater knowledge and understanding of the requirements stated in the annual Firebreak Notice.

The White Swan Colony appear to be comfortable with the re-vamp of their previous enclosure area. There are currently four swans which are free to frequent the area provided. One swan is currently nesting.





Shire of Northam  
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# Statutory Reports

## 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 was due prior to August 2018 and was submitted to the State Records Commission for approval, as there have been slight changes and upgrades to the way the Shire manages documents, the Plan requires further review and will be completed by October 2018.

## 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. In the year 2017/18 the Shire of Northam reviewed eight (8) Local Laws are scheduled to review a further five (5) Local Laws in the 2018/19 financial year.

## 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.



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# Statutory Reports

## 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 at [www.northam.wa.gov.au](http://www.northam.wa.gov.au) under 'Our Council/public documents.'

During 2017/18 the Shire received seven (7) applications for Freedom of Information. These requests were completed within 45 days in accordance with Section 13.3 of the Freedom of Information Act 1992.

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

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

## Employee Remuneration

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

Salary Band	No Of Employees
\$100,000 - \$109,000	
\$110,000 - \$119,000	
\$120,000 - \$129,000	
\$130,000 - \$139,000	2
\$140,000 - \$149,000	1
\$150,000 - \$159,000	1
\$160,000 - \$169,000	
\$170,000 - \$179,000	
\$180,000 - \$189,000	
\$190,000 - \$199,000	
\$200,000 - \$209,000	
\$220,000 - \$229,000	
\$230,000 - \$239,000	1

## Competitive Neutral

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.

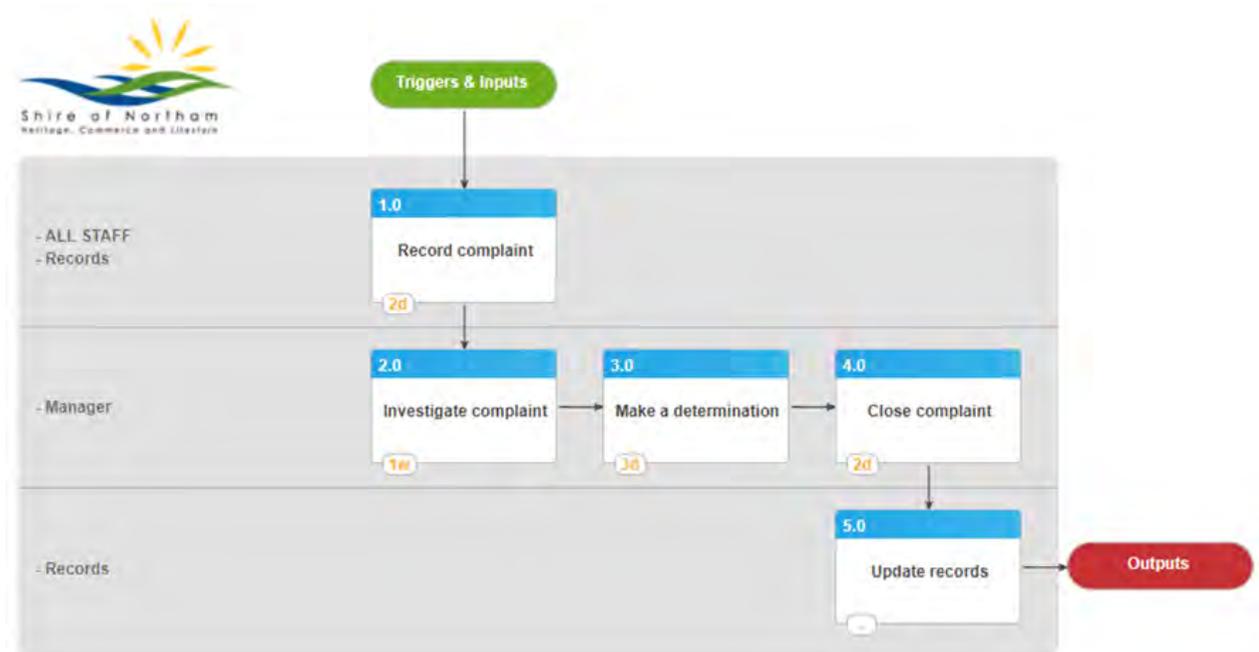
## Register of Complaints

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 or person 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 2017/18 financial year there have been four (4) complaints recorded with only one (1) resulting in a notifiable action under LGA s5.110 (6) (b) or (c).





Shire of Northam  
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# Awards & Recognition

## Australia Day Awards

The following were successful in receiving awards:

- Dakota Narrier—Community Citizen of the Year (Youth);
- Michael Clark—Community Citizen of the year (Senior);
- Andrew Quin—Community Citizen of the Year.

## Citizenship Ceremonies

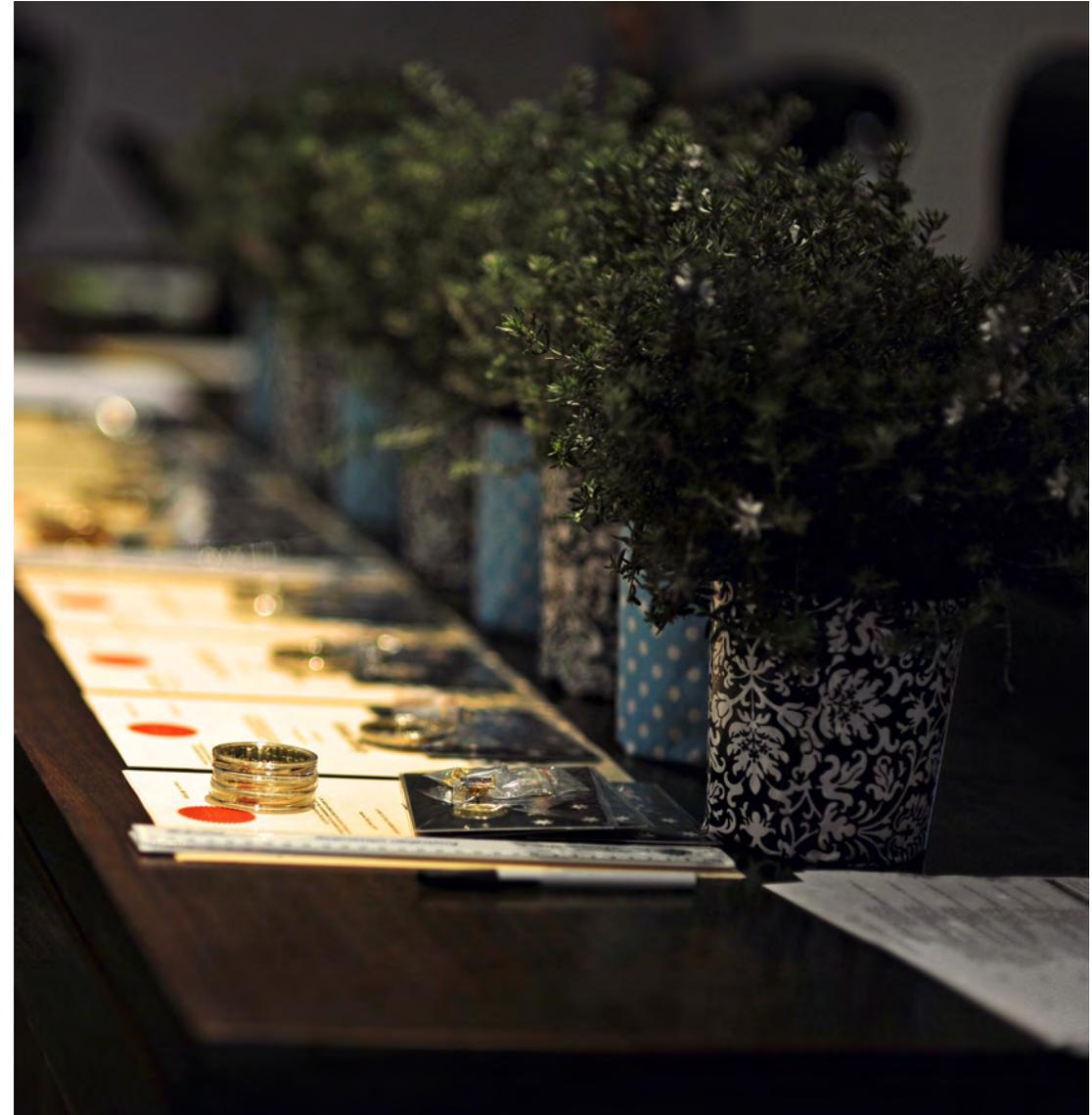
The Shire of Northam held four Citizenship Ceremonies over the 2017/18 period with 18 conferees receiving their Australian Citizenship.

## Volunteers

The Shire of Northam would like to thank all volunteers over the 2017/18 period. Their contribution plays an important role to the organisation and adds significant value to the Shire community.

## Banners in the Terrace

St Joseph's School submitted a banner into the 2018 Banners in the Terrace competition on behalf of the Shire of Northam. Students designed a banner based around the 2018 Convention theme, 'Ready and Relevant'. The competition was run by the WA Local Government Association as part of its annual Convention at the Perth Convention and Exhibition Centre. The banners were flown along St Georges and Adelaide Terraces in Perth between Sunday, 29 July and Saturday, 5 August.





Shire of Northam  
Heritage, Commerce and Lifestyle

# Monitoring & Reporting

## Human Resources

Performance Area	Key Performance Indicator	Formula	Target	2017/18 Actual	2016/17 Actual	2015/16 Actual
<i>Safe Working Environment</i>						
Workplace Safety	Lost Time Injury Frequency Rate	$\frac{\text{Number of lost time injuries} \times 1,000,000}{\text{Total hours worked}}$	<15	5.1	20.4	20.1
Occupational Health and Safety Management	Percentage compliance with AS/NZS 4801:2001 requirements	Average percentage compliance over 10 sections through an independent audit *formal assessment by LGIS to be undertaken	> 76%	80% (est)	67%	67%
<i>Appropriately Skilled Workforce</i>						
Professional Development	Percentage employee satisfaction with professional development opportunities	Average percentage satisfaction across all Departments determined through Tri- Annual Workforce Systems Processes People Audit	>60%	52%	Not measured	N/A
<i>Retention of Valued Staff</i>						
Staff Turnover	Staff turnover rate	$\frac{\text{Number of staff separations}^*}{\text{Total number of staff}}$ (less casual and Council instigated)	<20%	12%	24%	14%



Shire of Northam  
Heritage, Commerce and Lifestyle

# Monitoring & Reporting

## Financial Management

Performance Area	Key Performance Indicator	Formula	Target	2017/18 Actual	2016/17 Actual	2015/16 Actual
Budget Management	Percentage variance in actual year to date expenditure operating or capital) versus budgeted expenditure	$\frac{\text{Actual Expenditure} - \text{Budgeted Expenditure}}{\text{Budgeted Expenditure}} \times 100$	<10%	-1.4%	-3.35%	-6.85%
Current Ratio	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	$\frac{(\text{Current Assets MINUS Restricted Assets})}{(\text{Current Liabilities MINUS Liabilities Associated with Restricted Assets})}$	1:1 (100% or greater)	229%	289%	155%
Debt Service Ratio	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	12.23	16.90	7.20



Shire of Northam  
Heritage, Commerce and Lifestyle

# Monitoring & Reporting

## Governance

Performance Area	Key Performance Indicator	Formula	Target	2017/18 Actual	2016/17 Actual	2015/16 Actual
Corporate Plan Achievement	Percentage of identified Corporate Actions achieved	$\frac{\text{Corporate Actions undertake in current year}}{\text{Total Number of Corporate Actions}}$	100%	93% Completed	93% Commenced 64% Completed 6% not Commenced	88% Commenced 62.5% Completed 12% Not commenced (Total of 173 Tasks)
Project Delivery	Percentage of Major Projects delivered	$\frac{\text{Number of Major Projects Delivered in current year}}{\text{Total Number of Major Projects Identified in Corporate Plan}}$	100%	63 % commenced, not completed 37% Completed	54% Commenced 15% Completed 31% Not Commenced	80% Commenced 30% Completed 2% Not Commenced (10 Projects)



Shire of Northam  
Heritage, Commerce and Lifestyle

# Monitoring & Reporting

## Compliance

Performance Area	Key Performance Indicator	Formula	Target	2017/18 Actual	2016/17 Actual	2015/16 Actual
<i>Statutory Planning</i>						
Building Permit Processing	Average Building Permit processing time	Building Permit process times to be measured by the official date received and official date Permit issued	Uncertified $\leq 20$ working days Certified $\leq 10$ working days	7.01 days 3.97 days	8.71 days 3.88 days	9.5 days
Development Application Processing	Average Development Application processing times	<u>Total days to process development applications</u>	$\leq 30$ days (delegated decisions)	22.6 days	15 days	12.6 days
		Total number of development applications Development application process times measured by the official date received and official date approval issued, less any official hold periods recorded	$\leq 40$ days (non-delegated decisions)	41.9 days	37.8 days	35.1 days
<i>Local Government Compliance</i>						
Compliance Auditing	Percentage of elements identified within the annual Department of Local Government Audit Return identified as being complied with by the Shire of Northam	<u># of Audit elements complied with x 100</u> Total number Audit elements Compliance audit for the period 1st January to 31st December against the requirements of the Compliance Audit Return	$\geq 90\%$	Not available until 31st March 2019	100%	97.7%

**SHIRE OF NORTHAM**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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Principal place of business:  
395 Fitzgerald Street  
NORTHAM WA 6401

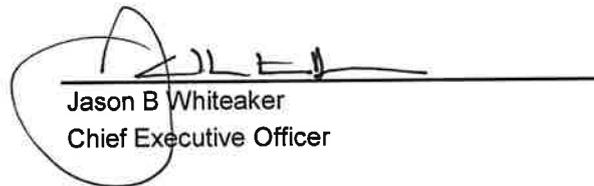
**SHIRE OF NORTHAM  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Northam for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Northam at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995 and, to the extent* that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 8<sup>th</sup> day of November 2018

  
Jason B Whiteaker  
Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	20(a)	9,616,368	9,703,740	9,063,831
Operating grants, subsidies and contributions	2(a)	5,419,200	4,120,264	7,110,565
Fees and charges	2(a)	3,602,255	3,831,578	3,705,520
Interest earnings	2(a)	399,214	370,000	384,990
Other revenue	2(a)	829,845	676,777	638,743
		<b>19,866,882</b>	<b>18,702,359</b>	<b>20,903,649</b>
<b>Expenses</b>				
Employee costs		(8,009,476)	(7,919,244)	(7,744,521)
Materials and contracts		(5,460,996)	(6,239,140)	(5,014,842)
Utility charges		(1,016,245)	(851,187)	(852,878)
Depreciation on non-current assets	9(b)	(4,245,898)	(4,035,413)	(4,037,909)
Interest expenses	2(b)	(144,292)	(148,149)	(156,698)
Insurance expenses		(449,755)	(471,331)	(472,293)
Other expenditure		(288,688)	(215,384)	(417,460)
		<b>(19,615,350)</b>	<b>(19,879,848)</b>	<b>(18,696,601)</b>
		<b>251,532</b>	<b>(1,177,489)</b>	<b>2,207,048</b>
Non-operating grants, subsidies and contributions	2(a)	4,534,499	7,093,449	3,667,925
Profit on asset disposals	9(a)	43,109	177,271	212,864
(Loss) on asset disposals	9(a)	(135,428)	(96,716)	(266,046)
<b>Net result</b>		<b>4,693,712</b>	<b>5,996,515</b>	<b>5,821,791</b>
<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	10	(7,309,692)	0	(3,540,553)
<b>Total other comprehensive income</b>		<b>(7,309,692)</b>	<b>0</b>	<b>(3,540,553)</b>
<b>Total comprehensive income</b>		<b>(2,615,980)</b>	<b>5,996,515</b>	<b>2,281,238</b>

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

**STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>Revenue</b>				
	2(a)			
Governance		74,973	27,558	147,037
General purpose funding		13,418,818	11,877,318	14,593,275
Law, order, public safety		463,593	536,812	391,685
Health		57,330	56,000	65,740
Education and welfare		1,315,874	1,289,027	1,326,463
Housing		48,041	40,842	39,253
Community amenities		2,612,903	2,618,347	2,755,056
Recreation and culture		424,002	511,744	602,934
Transport		866,918	1,132,613	466,884
Economic services		479,429	551,898	413,837
Other property and services		105,001	60,200	101,485
		<b>19,866,882</b>	<b>18,702,359</b>	<b>20,903,649</b>
<b>Expenses</b>				
	2(a)			
Governance		(1,308,666)	(1,311,641)	(1,295,794)
General purpose funding		(275,814)	(259,267)	(341,373)
Law, order, public safety		(1,269,806)	(1,203,436)	(1,181,939)
Health		(271,273)	(301,754)	(307,756)
Education and welfare		(1,275,209)	(1,392,824)	(1,259,156)
Housing		(82,585)	(70,533)	(81,111)
Community amenities		(3,175,361)	(3,518,063)	(2,900,982)
Recreation and culture		(4,210,531)	(4,588,009)	(4,265,757)
Transport		(5,395,963)	(4,865,348)	(4,958,019)
Economic services		(2,037,370)	(2,193,734)	(1,733,545)
Other property and services		(168,480)	(27,089)	(214,471)
		<b>(19,471,058)</b>	<b>(19,731,698)</b>	<b>(18,539,903)</b>
<b>Finance Costs</b>				
	2(a)			
Recreation and culture		(91,838)	(95,255)	(101,069)
Transport		(673)	(743)	(1,549)
Economic services		(51,781)	(52,151)	(54,080)
		<b>(144,292)</b>	<b>(148,149)</b>	<b>(156,698)</b>
		<b>251,532</b>	<b>(1,177,488)</b>	<b>2,207,048</b>
Non-operating grants, subsidies and contributions	2	4,534,499	7,093,449	3,667,925
Profit on disposal of assets	9(a)	43,109	177,271	212,864
(Loss) on disposal of assets	9(a)	(135,428)	(96,716)	(266,046)
		<b>4,442,180</b>	<b>7,174,003</b>	<b>3,614,743</b>
		<b>4,693,712</b>	<b>5,996,515</b>	<b>5,821,791</b>
<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	10	(7,309,692)	0	(3,540,553)
<b>Total other comprehensive income</b>		<b>(7,309,692)</b>	<b>0</b>	<b>(3,540,553)</b>
<b>Total comprehensive income</b>		<b>(2,615,980)</b>	<b>5,996,515</b>	<b>2,281,238</b>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	9,699,752	11,700,546
Trade and other receivables	5	3,496,735	2,441,368
Inventories	6	1,224	631
<b>TOTAL CURRENT ASSETS</b>		<b>13,197,711</b>	<b>14,142,545</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	583,191	547,357
Property, plant and equipment	7	60,157,628	55,833,183
Infrastructure	8	139,487,644	145,527,705
<b>TOTAL NON-CURRENT ASSETS</b>		<b>200,228,463</b>	<b>201,908,245</b>
<b>TOTAL ASSETS</b>		<b>213,426,174</b>	<b>216,050,790</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,698,188	1,516,538
Current portion of long term borrowings	12	224,381	224,611
Provisions	13	1,064,296	1,049,952
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,986,865</b>	<b>2,791,101</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	12	1,783,681	2,011,062
Provisions	13	271,813	248,832
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,055,494</b>	<b>2,259,894</b>
<b>TOTAL LIABILITIES</b>		<b>5,042,359</b>	<b>5,050,995</b>
<b>NET ASSETS</b>		<b>208,383,815</b>	<b>210,999,795</b>
<b>EQUITY</b>			
Retained surplus		88,280,093	84,238,303
Reserves - cash backed	4	6,124,711	5,472,789
Revaluation surplus	10	113,979,011	121,288,703
<b>TOTAL EQUITY</b>		<b>208,383,815</b>	<b>210,999,795</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>78,255,231</b>	<b>5,634,070</b>	<b>124,829,256</b>	<b>208,718,557</b>
Comprehensive income					
Net result		5,821,791	0	0	5,821,791
Changes on revaluation of assets	10	0	0	(3,540,553)	(3,540,553)
Total comprehensive income		5,821,791	0	(3,540,553)	2,281,238
Transfers from/(to) reserves		161,281	(161,281)	0	0
<b>Balance as at 30 June 2017</b>		<b>84,238,303</b>	<b>5,472,789</b>	<b>121,288,703</b>	<b>210,999,795</b>
Comprehensive income					
Net result		4,693,712	0	0	4,693,712
Changes on revaluation of assets	10	0	0	(7,309,692)	(7,309,692)
Total comprehensive income		4,693,712	0	(7,309,692)	(2,615,980)
Transfers from/(to) reserves		(651,922)	651,922	0	0
<b>Balance as at 30 June 2018</b>		<b>88,280,093</b>	<b>6,124,711</b>	<b>113,979,011</b>	<b>208,383,815</b>

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		\$	\$	\$
<b>Receipts</b>				
Rates		9,448,759	9,503,740	8,604,977
Operating grants, subsidies and contributions		4,388,585	4,270,264	7,346,578
Fees and charges		3,602,255	3,831,578	3,705,522
Interest earnings		399,214	370,000	384,990
Goods and services tax		0	300,000	1,320,734
Other revenue		829,845	676,777	638,743
		18,668,658	18,952,359	22,001,544
<b>Payments</b>				
Employee costs		(7,985,164)	(7,899,244)	(7,696,678)
Materials and contracts		(5,262,534)	(5,432,400)	(5,637,220)
Utility charges		(1,016,244)	(851,186)	(852,878)
Interest expenses		(148,683)	(148,149)	(161,170)
Insurance expenses		(449,755)	(471,331)	(472,293)
Goods and services tax		82,945	(300,000)	(1,327,889)
Other expenditure		(288,688)	(215,384)	(417,462)
		(15,068,123)	(15,317,694)	(16,565,590)
<b>Net cash provided by (used in) operating activities</b>	14	3,600,535	3,634,665	5,435,954
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(5,640,235)	(7,230,581)	(3,204,507)
Payments for construction of infrastructure		(4,806,690)	(12,103,028)	(4,714,436)
Advances to community groups		0	0	(152,767)
Non-operating grants, subsidies and contributions		4,534,499	7,093,449	3,667,925
Proceeds from sale of fixed assets		514,634	732,363	312,814
Proceeds from land held for resale		0	0	225,000
<b>Net cash provided by (used in) investment activities</b>		(5,397,792)	(11,507,797)	(3,865,971)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(227,610)	(227,611)	(218,854)
Proceeds from self supporting loans		24,073	24,073	27,417
Proceeds from new long term borrowings		0	1,500,000	152,767
<b>Net cash provided by (used in) financing activities</b>		(203,537)	1,296,462	(38,670)
<b>Net increase (decrease) in cash held</b>		(2,000,794)	(6,576,670)	1,531,313
Cash at beginning of year		11,700,546	11,700,546	10,169,233
<b>Cash and cash equivalents at the end of the year</b>	14	9,699,752	5,123,876	11,700,546

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

**RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>				
		6,793,608	6,863,969	4,006,739
		6,793,608	6,863,969	4,006,739
<b>Revenue from operating activities (excluding rates)</b>				
Governance		74,973	27,558	147,037
General purpose funding		3,816,580	2,188,502	5,543,097
Law, order, public safety		463,593	536,812	394,679
Health		57,330	56,000	65,740
Education and welfare		1,315,874	1,289,027	1,326,463
Housing		48,041	40,842	39,253
Community amenities		2,612,903	2,618,347	2,755,056
Recreation and culture		467,111	511,744	812,433
Transport		866,918	1,132,613	467,253
Economic services		479,429	551,898	413,837
Other property and services		105,001	60,200	101,486
		10,307,753	9,013,543	12,066,334
<b>Expenditure from operating activities</b>				
Governance		(1,311,751)	(1,311,641)	(1,311,861)
General purpose funding		(275,814)	(260,267)	(341,373)
Law, order, public safety		(1,276,824)	(1,207,854)	(1,286,603)
Health		(271,273)	(301,754)	(325,591)
Education and welfare		(1,275,209)	(1,396,885)	(1,259,156)
Housing		(82,585)	(70,533)	(81,111)
Community amenities		(3,179,306)	(3,530,116)	(2,900,982)
Recreation and culture		(4,326,794)	(4,521,688)	(4,366,826)
Transport		(5,493,590)	(4,926,580)	(5,087,048)
Economic services		(2,089,151)	(2,245,885)	(1,787,628)
Other property and services		(168,480)	(27,089)	(214,467)
		(19,750,777)	(19,800,292)	(18,962,646)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	9(a)	(43,109)	(177,271)	(212,864)
Loss on disposal of assets	9(a)	135,428	96,716	266,046
Loss on revaluation of fixed assets	8(b)	0	0	0
(Reversal) of prior year loss on revaluation of fixed assets		0	0	0
Movement in deferred pensioner rates (non-current)		(61,631)	0	(8,379)
Movement in employee benefit provisions (non-current)		(13,294)	(29,403)	43,651
Movement in budgeted leave added back		0		250,000
Depreciation and amortisation on assets	9(b)	4,245,898	4,035,413	4,037,909
<b>Amount attributable to operating activities</b>		1,613,876	2,675	1,486,790
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		4,534,499	7,093,449	3,667,925
Proceeds from disposal of assets	9(a)	514,634	732,363	312,814
Purchase of land held for resale		0	0	225,000
Purchase of property, plant and equipment	7(b)	(5,640,235)	(7,230,581)	(3,204,507)
Purchase and construction of infrastructure	8(b)	(4,806,690)	(12,103,028)	(4,714,436)
<b>Amount attributable to investing activities</b>		(5,397,792)	(11,507,797)	(3,713,204)
<b>FINANCING ACTIVITIES</b>				
Advances to community groups		0	0	(152,767)
Repayment of long term borrowings	12	(227,610)	(227,611)	(218,854)
Proceeds from new long term borrowings	12	0	1,500,000	152,767
Proceeds from self supporting loans	12	24,073	24,073	27,417
Transfers to reserves (restricted assets)	4	(1,342,764)	(1,576,282)	(1,566,362)
Transfers from reserves (restricted assets)	4	690,842	2,095,126	1,727,643
<b>Amount attributable to financing activities</b>		(855,459)	1,815,306	(30,156)
<b>Surplus(deficiency) before general rates</b>		(4,639,375)	(9,689,816)	(2,256,570)
<b>Total amount raised from general rates</b>	20(a)	9,602,238	9,689,816	9,050,178
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	21	<b>4,962,863</b>	<b>0</b>	<b>6,793,608</b>

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

## **1. 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) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

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

Accounting policies which have been adopted in the preparation of this financial report 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 23 to these financial statements.

## 2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
<b>Significant revenue</b>		
General Purpose Funding FAGs Grant	1,749,433	1,755,905
<p>The significant revenue in 2018 relates to the prepayment of the first installment of the Financial Assistance Grant for the 2018/2019 year</p>		
<b>Other revenue</b>		
Significant revenue (refer above)	437,454	285,621
Other	392,391	353,122
	829,845	638,743
<b>Fees and Charges</b>		
General purpose funding	73,190	32,599
Law, order, public safety	76,656	79,014
Health	28,304	34,556
Education and welfare	62,103	75,384
Housing	47,460	38,744
Community amenities	2,555,755	2,719,723
Recreation and culture	313,775	320,931
Transport	87,171	55,231
Economic services	348,895	349,234
Other property and services	8,946	104
	3,602,255	3,705,520

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
<b>Operating grants, subsidies and contributions</b>		
Governance	0	60,000
General purpose funding	3,284,568	5,082,310
Law, order, public safety	197,682	214,810
Education and welfare	1,162,127	1,183,784
Community amenities	0	25,000
Recreation and culture	89,150	263,252
Transport	608,953	249,385
Economic services	76,720	32,024
	5,419,200	7,110,565
<b>Non-operating grants, subsidies and contributions</b>		
General purpose funding	0	766,508
Law, order, public safety	45,791	0
Education and welfare	0	236,075
Recreation and culture	3,507,900	0
Transport	976,808	720,000
Economic services	4,000	1,945,342
	4,534,499	3,667,925
<b>Total grants, subsidies and contributions</b>	<b>9,953,699</b>	<b>10,778,490</b>

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)

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 19. 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 period.

Interest earnings

- Loans receivable - clubs/institutions  
- Reserve funds  
- Other funds  
Other interest revenue (refer note 20(c))

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
- Loans receivable - clubs/institutions	0	0	5,095
- Reserve funds	125,404	124,000	125,422
- Other funds	93,984	95,000	90,845
Other interest revenue (refer note 20(c))	179,826	151,000	163,628
	399,214	370,000	384,990

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2018	2017
	\$	\$
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	26,930	20,250
- Other services	24,239	25,308
	51,169	45,558
<b>Interest expenses (finance costs)</b>		
Long term borrowings (refer Note 12)	144,292	156,698
	144,292	156,698
<b>Rental charges</b>		
- Operating leases	11,420	11,420
	11,420	11,420

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		2,388,415	4,303,242
Restricted		7,311,337	7,397,304
		9,699,752	11,700,546
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	4	419,166	455,441
Aged accommodation reserve	4	217,917	226,123
Housing reserve	4	260,151	253,650
Office equipment reserve	4	101,474	97,417
Plant & Equipment reserve	4	110,155	285,082
Road and bridgework reserve	4	77,894	66,196
Refuse site reserve	4	477,717	353,969
Regional development reserve	4	91,711	89,419
Speedway reserve	4	144,623	141,009
Community bus replacement reserve	4	63,115	52,534
Septage pond reserve	4	191,911	312,287
Killara reserve	4	375,985	236,719
Stormwater drainage projects reserve	4	129,415	28,669
Rec and Community Facilities Res	4	1,813,462	1,583,981
Administration office reserve	4	692,795	677,002
Council building & amenities reserve	4	308,807	8,778
River town pool dredging reserve	4	303,982	296,385
Parking facilities reserve	4	211,778	193,200
Art collection reserve	4	22,737	22,169
Reticulation scheme reserve	4	69,237	57,756
Election reserve	4	162	15,001
Revaluation reserve	4	40,517	20,002
Unspent grants	19	1,186,626	1,924,515
		7,311,337	7,397,304

**SIGNIFICANT ACCOUNTING POLICIES**

**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

**Cash and cash equivalents (Continued)**

of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	455,441	10,971	(47,246)	419,166	453,025	9,988	0	463,013	469,890	10,551	(25,000)	455,441
Aged accommodation reserve	226,123	10,794	(19,000)	217,917	224,877	9,958	(19,000)	215,835	216,265	9,858	0	226,123
Housing reserve	253,650	6,501	0	260,151	252,463	5,566	0	258,029	248,079	5,571	0	253,650
Office equipment reserve	97,417	4,057	0	101,474	96,818	2,135	(42,276)	56,677	125,130	2,810	(30,523)	97,417
Plant & Equipment reserve	285,082	4,638	(179,565)	110,155	282,150	371,221	(424,400)	228,971	524,607	240,727	(480,252)	285,082
Road and bridgework reserve	66,196	11,698	0	77,894	63,549	11,401	0	74,950	99,675	2,235	(35,714)	66,196
Refuse site reserve	353,969	123,748	0	477,717	352,842	122,441	0	475,283	363,859	65,110	(75,000)	353,969
Regional development reserve	89,419	2,292	0	91,711	85,149	1,877	(80,000)	7,026	892,704	19,977	(823,262)	89,419
Speedway reserve	141,009	3,614	0	144,623	140,349	3,094	0	143,443	137,911	3,098	0	141,009
Community bus replacement reserve	52,534	10,581	0	63,115	52,381	11,155	(62,000)	1,536	31,817	20,717	0	52,534
Septage pond reserve	312,287	6,124	(126,500)	191,911	310,701	6,850	(45,000)	272,551	357,491	62,873	(108,077)	312,287
Killara reserve	236,719	139,266	0	375,985	235,896	49,201	(50,539)	234,558	149,297	87,422	0	236,719
Stormwater drainage projects reserve	28,669	100,746	0	129,415	28,536	100,629	0	129,165	28,040	629	0	28,669
Rec and Community Facilities Res	1,583,981	450,997	(221,516)	1,813,462	1,579,933	417,044	(979,411)	1,017,566	772,149	892,569	(80,737)	1,583,981
Administration office reserve	677,002	15,793	0	692,795	673,723	14,854	(337,500)	351,077	662,257	14,745	0	677,002
Council building & amenities reserve	8,778	342,044	(42,015)	308,807	8,149	341,965	0	350,114	33,038	740	(25,000)	8,778
River town pool dredging reserve	296,385	7,597	0	303,982	294,999	6,505	0	301,504	289,875	6,510	0	296,385
Parking facilities reserve	193,200	58,578	(40,000)	211,778	192,597	57,872	(40,000)	210,469	120,488	72,712	0	193,200
Art collection reserve	22,169	568	0	22,737	22,065	486	0	22,551	21,682	487	0	22,169
Reticulation scheme reserve	57,756	11,481	0	69,237	57,515	11,268	0	68,783	89,816	12,018	(44,078)	57,756
Election reserve	15,001	161	(15,000)	162	15,001	331	(15,000)	332	0	15,001	0	15,001
Revaluation reserve	20,002	20,515	0	40,517	20,002	20,441	0	40,443	0	20,002	0	20,002
	5,472,789	1,342,764	(690,842)	6,124,711	5,442,720	1,576,282	(2,095,126)	4,923,876	5,634,070	1,566,362	(1,727,643)	5,472,789

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.

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:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
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.
Road and 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.
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
Rec and Community Facilities Res	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 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.
Election reserve	Ongoing	Provision for the biannual Elections of Council
Revaluation reserve	Ongoing	Provision for the 4 yearly revaluation of the Shires GRV properties

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**5. TRADE AND OTHER RECEIVABLES**

**Current**

Rates outstanding	
Sundry debtors	
GST receivable	
Loans receivable - clubs/institutions	
Accrued Income	
Less provision for doubtful debts	

**Non-current**

Rates outstanding - pensioners	
Loans receivable - clubs/institutions	

Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

**Rates outstanding**

Includes:

Past due and not impaired	
Impaired	

**Sundry debtors**

Includes:

Past due and not impaired	
Impaired	

	2018	2017
	\$	\$
	1,996,581	1,890,598
	1,458,764	478,800
	95,597	178,542
	16,818	15,099
	71,474	29,834
	(142,499)	(151,505)
	<b>3,496,735</b>	<b>2,441,368</b>
	408,638	347,012
	174,553	200,345
	<b>583,191</b>	<b>547,357</b>
	1,909,036	1,740,794
	87,545	149,804
	89,298	55,755
	54,954	1,701

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

**Classification and subsequent measurement**

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**6. INVENTORIES**

**Current**

Fuel

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
	1,224	631
	<b>1,224</b>	<b>631</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

7 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	7,293,600	7,293,600
- Independent valuation 2017 - level 3	5,028,300	5,028,300
	12,321,900	12,321,900
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	1,937,674	1,937,674
	1,937,674	1,937,674
Total land	14,259,574	14,259,574
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	704,600	704,600
- Independent valuation 2017 - level 3	2,970,148	2,970,148
- Additions after valuation - cost	257,881	0
Buildings - non-specialised - Less: accumulated depreciation	(80,478)	0
	3,852,151	3,674,748
Buildings - specialised at:		
- Independent valuation 2017 - level 2	306,600	306,600
- Independent valuation 2017 - level 3	31,762,084	30,607,202
- Additions after valuation - cost	4,013,906	0
Buildings - specialised - Less: accumulated depreciation	(612,092)	0
	35,470,498	30,913,802
Work in Progress AEIC		1,154,882
Total buildings	39,322,649	35,743,432
Total land and buildings	53,582,223	50,003,006
Furniture and equipment at:		
- Management valuation 2016 - level 3	131,776	131,776
- Additions after valuation - cost	918,765	53,119
Furniture and equipment - Less: accumulated depreciation	(57,917)	(24,505)
	992,624	160,390
Plant and equipment at:		
- Management valuation 2016 - level 3	181,909	181,909
- Management valuation 2016 - level 2	2,918,231	2,918,231
- Additions after valuation - cost	1,466,242	1,117,578
- Plant and equipment Less: accumulated depreciation	(517,054)	(223,362)
	4,049,328	3,994,356
Bushfire Equipment at:		
- Management valuation 2016 - level 2	1,322,705	1,322,705
- Additions after valuation - cost	480,159	480,159
Bushfire Equipment - Less: accumulated depreciation	(269,411)	(127,433)
	1,533,453	1,675,431
<b>Total property, plant and equipment</b>	<b>60,157,628</b>	<b>55,833,183</b>

## 7. 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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress AEIC	Bushfire Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	15,257,981	1,315,000	16,572,981	2,742,487	32,726,235	35,468,722	52,041,703	131,776	3,523,075	0	1,475,266	57,171,820
Additions	0	0	0	50,666	348,103	398,769	398,769	53,119	1,117,578	1,154,882	480,159	3,204,507
(Disposals)	0	0	0	0	0	0	0	0	(422,935)	0	(152,561)	(575,496)
Revaluation increments/ (decrements) transferred to revaluation surplus	(2,936,081)	622,674	(2,313,407)	944,448	(1,488,973)	(544,525)	(2,857,932)	0	0	0	0	(2,857,932)
Depreciation (expense)	0	0	0	(62,853)	(671,563)	(734,416)	(734,416)	(24,505)	(223,362)		(127,433)	(1,109,716)
<b>Carrying amount at 30 June 2017</b>	12,321,900	1,937,674	14,259,574	3,674,748	30,913,802	34,588,550	48,848,124	160,390	3,994,356	1,154,882	1,675,431	55,833,183
Additions	0	0	0	257,881	4,013,906	4,271,787	4,271,787	694,759	673,689	0	0	5,640,235
(Disposals)	0	0	0	0	0	0	0	(5,746)	(294,314)	0	0	(300,060)
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	175,330	0	0	0	175,330
Depreciation (expense)	0	0	0	(80,478)	(612,092)	(692,570)	(692,570)	(38,359)	(324,403)		(141,978)	(1,197,310)
Transfers	0	0	0	0	1,154,882	1,154,882	1,154,882	6,250	0	(1,154,882)	0	6,250
<b>Carrying amount at 30 June 2018</b>	12,321,900	1,937,674	14,259,574	3,852,151	35,470,498	39,322,649	53,582,223	992,624	4,049,328	0	1,533,453	60,157,628

## 7. 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 land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare/ available market information
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Purchase 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 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Improvements to buildings valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Price per square metre/ available market information
Buildings - non-specialised	3	Improvements to buildings valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	2	Improvements to buildings valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Price per square metre/ available market information
Buildings - specialised	3	Improvements to buildings valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	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
<b>Plant and equipment</b>					
- Management valuation 2016	2	Cost approach using depreciated replacement cost	Management valuation	June 2016	Market price per item
- Management valuation 2016	3	Market approach using recent observable market data for similar assets	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Work in Progress AEIC</b>					
<b>Bushfire Equipment</b>	2	Market approach using recent observable market data for similar assets	Management valuation	June 2016	Market price per item

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**8 (a). INFRASTRUCTURE**

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	0	90,231,730
- Management valuation 2018 - level 3	84,950,530	0
- Additions after valuation - cost	0	4,975,303
- User defined	0	(682,621)
Infrastructure - Roads - Less: accumulated depreciation	0	(3,029,287)
	<u>84,950,530</u>	<u>91,495,125</u>
Infrastructure Footpaths		
- Management valuation 2015 - level 3	0	3,983,776
- Management valuation 2018 - level 3	4,750,461	0
- Additions after valuation - cost	0	1,008,601
Infrastructure - User defined 2 - Less: accumulated depreciation	0	(268,083)
	<u>4,750,461</u>	<u>4,724,294</u>
Infrastructure Drainage		
- Management valuation 2015 - level 3	0	4,891,835
- Management valuation 2018 - level 3	10,094,802	0
- Additions after valuation - cost	0	1,869,918
Infrastructure - User defined 3 - Less: accumulated depreciation	0	(125,569)
	<u>10,094,802</u>	<u>6,636,184</u>
Infrastructure Playground Equipment		
- Independent valuation 2015 - level 3	0	590,800
- Independent valuation 2018 - level 3	438,900	0
Infrastructure - User defined 4 - Less: accumulated depreciation	0	(128,448)
	<u>438,900</u>	<u>462,352</u>
Infrastructure Other		
- Independent valuation 2015 - level 3	0	9,571,500
- Independent valuation 2018 - level 3	7,943,200	0
- Additions after valuation - cost	0	1,240,559
Infrastructure - User defined 5 - Less: accumulated depreciation	0	(1,144,202)
	<u>7,943,200</u>	<u>9,667,857</u>
Infrastructure Streetscape		
- Independent valuation 2015 - level 3	0	253,565
- Independent valuation 2018 - level 3	215,400	0
- Additions after valuation - cost	0	365,850
Infrastructure - User defined 6 - Less: accumulated depreciation	0	(26,220)
	<u>215,400</u>	<u>593,195</u>
Infrastructure Bridges and Culverts		
- Independent valuation 2015 - level 3	0	31,376,000
- Independent valuation 2018 - level 3	29,938,500	0
- Additions after valuation - cost	0	474,054
Infrastructure - User defined 7 - Less: accumulated depreciation	0	(843,329)
	<u>29,938,500</u>	<u>31,006,725</u>
Infrastructure Aero		
- Independent valuation 2015 - level 3	0	1,055,000
- Independent valuation 2018 - level 3	971,100	0
- Additions after valuation - cost	0	34,371
Infrastructure - User defined 8 - Less: accumulated depreciation	0	(147,398)
	<u>971,100</u>	<u>941,973</u>
Infrastructure Work in Progress	184,751	0
<b>Total infrastructure</b>	<u>139,487,644</u>	<u>145,527,705</u>

## 8. 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.

	Infrastructure - Roads	Infrastructure Footpaths	Infrastructure Drainage	Infrastructure Playground Equipment	Infrastructure Other	Infrastructure Streetscape	Infrastructure Bridges and Culverts	Infrastructure Aero	Infrastructure Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	91,045,158	4,484,319	5,783,389	526,576	9,735,495	437,516	31,430,329	981,301	0	144,424,083
Additions	2,689,699	383,764	921,130	0	512,373	173,099	0	34,371	0	4,714,436
Impairment (losses)/reversals	(682,621)	0	0	0	0	0	0	0	0	(682,621)
Depreciation (expense)	(1,557,111)	(143,789)	(68,335)	(64,224)	(580,011)	(17,420)	(423,604)	(73,699)	0	(2,928,193)
<b>Carrying amount at 30 June 2017</b>	91,495,125	4,724,294	6,636,184	462,352	9,667,857	593,195	31,006,725	941,973	0	145,527,705
Additions	2,500,855	162,280	1,538,754	0	336,638	37,812	0	45,600	184,751	4,806,690
(Disposals)	0	0	0	0	(306,891)	0	0	0	0	(306,891)
Revaluation increments/ (decrements) transferred to revaluation surplus	(8,108,801)	19,648	1,998,977	40,772	(1,156,798)	(380,922)	(644,621)	64,102	0	(8,167,643)
Impairment (losses)/reversals	682,621	0	0	0	0	0	0	0	0	682,621
Depreciation (expense)	(1,619,270)	(155,761)	(79,113)	(64,224)	(597,606)	(28,435)	(423,604)	(80,575)	0	(3,048,588)
Transfers		0		0	0	(6,250)	0	0		(6,250)
<b>Carrying amount at 30 June 2018</b>	84,950,530	4,750,461	10,094,802	438,900	7,943,200	215,400	29,938,500	971,100	184,751	139,487,644

## 8. 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 2018	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 2018	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 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Playground Equipment	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Other	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Streetscape	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Bridges and Culverts	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Aero	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	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.

## 9. FIXED ASSETS (Continued)

### (a) Disposals of Assets

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>								
Cannon IRA C7055 Digital Copier	3,085	0	0	(3,085)	0	0	0	0
<b>Law, order, public safety</b>								
Mitsubishi Challenger 2015 CESM vehicle	25,200	18,182	0	(7,018)	27,145	22,727	0	(4,418)
<b>Health</b>								
Isuzu MU Stsdn EMDS vehicle	35,384	31,436	0	(3,948)	35,332	30,000	0	(5,332)
<b>Education and welfare</b>								
Killara Toyota Hiace Commuter Bus	0	0	0	0	27,061	23,000	0	(4,061)
<b>Community amenities</b>								
Toyota Coaster Bus (Community)	0	0	0	0	51,721	45,000	0	(6,721)
<b>Recreation and culture</b>								
Toyota Hilux T Top 2015 Rec Centre Mgr	22,152	17,273	0	(4,879)	23,491	19,000	0	(4,491)
Mitsubishi Outlander 2015 EMCS Mgr	34,158	17,273	0	(16,885)	33,933	25,000	0	(8,933)
LED Scoreboards & Controllers	2,661	0	0	(2,661)	0	0	0	0
<b>Transport</b>								
Mitsubishi Fuso Truck	0	0	0	0	43,000	45,000	2,000	0
Back Hoe Loader 2008	0	0	0	0	80,142	50,000	0	(30,142)
Hino 500 4T Truck	0	0	0	0	61,410	45,000	0	(16,410)
Ferris Mower	10,835	6,500	0	(4,335)	10,775	5,500	0	(5,275)
Hino 300 3.5T Truck	10,835	6,500	0	(4,335)	42,729	43,000	271	0
Ferris Mower	0	0	0	0	10,775	5,500	0	(5,275)
Ford Ranger Ute XU Project Development Officer	28,644	22,727	0	(5,917)	29,294	23,636	0	(5,658)
Single Axel Trailer	1,400	784	0	(616)	0	0	0	0
Volvo Grader G930 2008	121,671	42,595	0	(79,076)	0	0	0	0
Howard Procut 210 Rollamower	4,036	1,364	0	(2,672)	0	0	0	0
<b>Land Held for Resale</b>								
Sale of Land Boulevard Shopping Centre	306,891	350,000	43,109	0	175,000	350,000	175,000	0
	606,951	514,634	43,109	(135,428)	651,808	732,363	177,271	(96,716)

### (b) Depreciation

	2018 \$	2017 \$
Buildings - non-specialised	80,478	62,853
Buildings - specialised	612,092	671,563
Furniture and equipment	38,359	24,505
Plant and equipment	324,403	223,362
Bushfire Equipment	141,978	127,433
Infrastructure - Roads	1,619,270	1,557,111
Infrastructure Footpaths	155,761	143,789
Infrastructure Drainage	79,113	68,335
Infrastructure Playground Equipment	64,224	64,224
Infrastructure Other	597,606	580,011
Infrastructure Streetscape	28,435	17,420
Infrastructure Bridges and Culverts	423,604	423,604
Infrastructure Aero	80,575	73,699
	4,245,898	4,037,909

## 9. FIXED ASSETS (Continued)

### (b) Depreciation (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

##### Depreciation rates

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

Buildings	50 years
Furniture & Equipment	1 to 10 years
Plant & Equipment	5 to 15 years
Sealed Roads & Streets	
Formation	Not depreciated
Pavement	50 years
Seal	
bituminous seals	25 years
asphalt surfaces	25 years
Car Parks	40 years
Gravel Roads	
Formation	Not depreciated
Pavement	50 years
Gravel Sheet	12 years
Reserves/ Playground Equipment	10 to 50 years
Bridges & Culverts	
Timber	50 years
Concrete	100 years
Footpaths	
Insitu concrete & slabs	40 years
Concrete	100 years
Asphalt, bitumen surfaces	25 years
Sewerage piping	80 years
Water supply piping	85 years
Parks & Reserves, other infrastructure	10-50 years
Main drains & water retarding basins	85 years

##### Depreciation (Continued)

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.

## 9. FIXED ASSETS (continued)

### (c) Other policies relating to Fixed Assets

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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.

##### 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.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

##### Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each 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.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

##### Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), 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.

##### 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.

## 10. REVALUATION SURPLUS

	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	Opening	Revaluation	Revaluation	Movement on	2018	2017	2017	2017	Total	2017
	Balance	Increment	(Decrement)	Revaluation	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	12,364,848	0	0	0	12,364,848	14,678,255	0	(2,313,407)	(2,313,407)	12,364,848
Revaluation surplus - Buildings - non-specialised	13,445,586	0	0	0	13,445,586	13,990,111	0	(544,525)	(544,525)	13,445,586
Revaluation surplus - Furniture and equipment	0	175,330	0	175,330	175,330	0	0	0	0	0
Revaluation surplus - Plant and equipment	368,708	0	0	0	368,708	368,708	0	0	0	368,708
Revaluation surplus -Bushfire Equipment	1,074,141	0	0	0	1,074,141	1,074,141	0	0	0	1,074,141
Revaluation surplus- Roads	60,930,240	682,621	(8,108,801)	(7,426,180)	53,504,060	61,612,861	0	(682,621)	(682,621)	60,930,240
Revaluation surplus- Other Infrastructure	4,991,681	2,082,727	(1,156,798)	925,929	5,917,611	4,991,681	0	0	0	4,991,681
Revaluation surplus- Playground Equipment	590,800	40,772	0	40,772	631,572	590,800	0	0	0	590,800
Revaluation surplus- Streetscape	289,838	0	(380,922)	(380,922)	(91,084)	289,838	0	0	0	289,838
Revaluation surplus- Bridges & Culverts	27,232,861	0	(644,621)	(644,621)	26,588,240	27,232,861	0	0	0	27,232,861
	121,288,703	2,981,450	(10,291,142)	(7,309,692)	113,979,012	124,829,256	0	(3,540,553)	(3,540,553)	121,288,703

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.

Revaluation surplus- Other Infrastructure includes bridges and the airport.

Revaluation surplus- Roads includes footpaths and drainage

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**11. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
Accrued interest on debentures  
Accrued salaries and wages  
ATO liabilities  
ESL payable  
Accrued Expenditure

	2018	2017
	\$	\$
	1,447,160	1,224,306
	31,275	35,666
	57,702	63,173
	(7,542)	0
	3,131	2,944
	166,462	190,449
	<b>1,698,188</b>	<b>1,516,538</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**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

**Trade and other payables (Continued)**

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.

## 12. INFORMATION ON BORROWINGS

### Repayments - Borrowings

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>								
Loan 223 Recreation Facilities	367,976	0	115,412	115,413	252,563	252,563	20,002	22,920
Loan 224 Recreation Facilities	901,436	0	41,165	41,165	860,271	860,271	63,288	63,740
<b>Transport</b>								
Loan 221 Airstrip	13,280	0	13,280	13,280	0	0	673	743
<b>Economic services</b>								
Loan 225 Victoria Oval	737,538	0	33,680	33,680	703,858	703,858	51,781	52,151
	2,020,230	0	203,537	203,538	1,816,692	1,816,692	135,744	139,554

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Self Supporting Loans</b>								
<b>Recreation and culture</b>								
Loan 208 Northam Country Club	15,058	0	5,695	5,695	9,363	9,363	999	1,092
Loan 219A Northam Bowling Club	200,386	0	18,378	18,378	182,007	182,007	7,549	7,503
	215,444	0	24,073	24,073	191,370	191,370	8,548	8,595
	2,235,673	0	227,610	227,611	2,008,062	2,008,062	144,292	148,149

Self supporting loans are financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

### Borrowings

	2018	2017
	\$	\$
Current	224,381	224,611
Non-current	1,783,681	2,011,062
	2,008,062	2,235,673

## 12. INFORMATION ON BORROWINGS (Continued)

### (a) Undrawn Borrowing Facilities

#### Credit Standby Arrangements

Bank overdraft limit  
Credit card limit  
Credit card balance at balance date

#### Total amount of credit unused

#### Loan facilities

Loan facilities - current  
Loan facilities - non-current

#### Total facilities in use at balance date

#### Unused loan facilities at balance date

	2018	2017
	\$	\$
Bank overdraft limit	100,000	100,000
Credit card limit	15,000	15,000
Credit card balance at balance date	(537)	(5,265)
<b>Total amount of credit unused</b>	<b>114,463</b>	<b>109,735</b>
<b>Loan facilities</b>		
Loan facilities - current	224,381	224,611
Loan facilities - non-current	1,783,681	2,011,062
<b>Total facilities in use at balance date</b>	<b>2,008,062</b>	<b>2,235,673</b>
<b>Unused loan facilities at balance date</b>	<b>NIL</b>	<b>NIL</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

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.

#### 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.

## 13. PROVISIONS

### Opening balance at 1 July 2017

Current provisions  
Non-current provisions

Additional provision

### Balance at 30 June 2018

### Comprises

Current  
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	563,236	486,716	1,049,952
Non-current provisions	0	248,832	248,832
	563,236	735,548	1,298,784
Additional provision	42,655	(5,330)	37,325
Balance at 30 June 2018	605,891	730,218	1,336,109
Comprises			
Current	605,891	458,405	1,064,296
Non-current	0	271,813	271,813
	605,891	730,218	1,336,109

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

##### Other long-term employee benefits

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

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

##### Other long-term employee benefits (Continued)

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.

##### 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

**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:

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	\$	\$	\$
Cash and cash equivalents	9,699,752	5,123,876	11,700,546
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	4,693,712	5,996,515	5,821,791
Non-cash flows in Net result:			
Depreciation	4,245,898	4,035,413	4,037,909
(Profit)/loss on sale of asset	92,319	(80,555)	53,182
Provision for Bad Debts	(9,006)	0	52,417
Fair value adjustments to fixed assets	0	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(1,106,271)	80,319	(282,413)
(Increase)/decrease in inventories	(593)	10,000	19,754
Increase/(decrease) in payables	181,650	536,421	(699,493)
Increase/(decrease) in provisions	37,325	150,000	100,732
Grants contributions for the development of assets	(4,534,499)	(7,093,449)	(3,667,925)
Net cash from operating activities	<u>3,600,535</u>	<u>3,634,665</u>	<u>5,435,954</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	408,638	3,676,782
General purpose funding	15,275,542	2,616,924
Law, order, public safety	3,369,314	3,663,320
Health	124,332	179,311
Education and welfare	4,112,237	4,421,966
Housing	1,303,119	1,305,653
Community amenities	1,904,496	2,071,385
Recreation and culture	32,919,712	34,057,992
Transport	137,064,905	142,268,999
Economic services	8,886,475	4,616,350
Other property and services	352,300	553,056
Unallocated	7,705,104	16,619,052
	<b>213,426,174</b>	<b>216,050,790</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2018	2017
	\$	\$
	228,427	4,319,478
	228,427	4,319,478

The commitment as at 30 June 2018 relates to the tendered contracts for the Aboriginal Interpretative Centre Interpretation implementation

The commitment as at 30 June 2017 relates to the tendered contracts in place for Aboriginal Environmental Interpretive Centre (\$3,624,989), funded by a \$1,680,000 Grant from the National Stronger Regions Fund and \$2,000,000 from Lotterywest.

Tendered contracts in place for the King Creek Drainage Project (\$694,489)

**(b) Operating Lease Commitments**

Non-cancellable operating leases contracted for but

Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

	11,420	11,420
	22,841	34,261
	34,261	45,681

**SIGNIFICANT ACCOUNTING POLICIES**

**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 of 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.

**Leases (Continued)**

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 on a straight line basis over the lease term.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**17. JOINT 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 Kurringal Road Wundowie. The joint venture has been established since 1996.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
Land and buildings fair value 30 June 2017	1,062,175	1,062,175
	<u>1,062,175</u>	<u>1,062,175</u>
Other Infrastructure fair value 30 June 2015	8,800	12,000
Additions at cost	20,285	0
Less: accumulated depreciation	(21,249)	(1,772)
	<u>7,836</u>	<u>10,228</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Interests in joint arrangements**

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 25 for a description of the equity method of accounting.

**Interests in joint arrangements (Continued)**

Joint 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.

## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Meeting fees	201,350	201,350	201,350
President's allowance	45,000	45,000	45,000
Deputy President's allowance	11,250	11,250	11,250
Travelling/other expenses	13,035	22,000	29,065
Telecommunications allowance	41,435	35,000	31,188
	<b>312,070</b>	<b>314,600</b>	<b>317,853</b>

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	865,853	844,872
Post-employment benefits	83,762	81,403
Other long-term benefits	19,875	19,390
	<b>969,490</b>	<b>945,665</b>

#### *Short-term employee benefits*

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

#### *Post-employment benefits*

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

### Transactions with related parties

Transactions between related parties, and the Shire are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

The following transactions occurred with related parties:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services	420	419
Purchase of goods and services	1,898	3,944

### Related Parties

The Shire's main related parties are as follows:

#### *i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

#### *ii. Joint venture entities accounted for under the proportionate consolidation method*

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, refer to Note 17.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

19. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup> 1/07/16	2016/17	2016/17	Balance <sup>(1)</sup> 30/06/17	2017/18	2017/18	Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>							
CLGF 2011-12 FCWP	68,922	0	(68,922)	0	0	0	0
<b>Law, order, public safety</b>							
FESA BFB	37,100	37,639	(37,100)	37,639	44,440	(37,639)	44,440
DLG Cat Sterilisation	6,682	0	(6,682)	0	0	0	0
FESA SES	4,676	10,477	(4,676)	10,477	8,895	(10,477)	8,895
DFES Fire Mitigation Report	25,000	48,000	(45,000)	28,000	0	(28,000)	0
<b>Health</b>							
NRM Biodiversity Grant	0	50,000	0	50,000	0	(50,000)	0
<b>Education and welfare</b>							
RFR Fluffy Ducks	0	232,954	0	232,954	0	(232,954)	0
<b>Community amenities</b>							
Dept Reg Development & Lands	293,083	0	(293,083)	0	0	0	0
<b>Recreation and culture</b>							
CLGF 2012-13 Shire of Dowerin	50,000	0	0	50,000	0	(50,000)	0
Kidsport, Silversport	40,446	13,478	(40,446)	13,478	0	(13,478)	0
Town Hall Remedial Works	127,400	0	(28,977)	98,423	0	(98,423)	0
<b>Transport</b>							
Main Roads WA	55,870	0	0	55,870	0	(55,870)	0
Main Roads Blackspot Funding GEH	0	0	0	0	437,291	0	437,291
DRD Royalties for Regions	1,027,386	0	(203,346)	824,040	0	(824,040)	0
WDC Age Friendly Footpaths	40,000	0	0	40,000	0	(40,000)	0
RTR Roads to Recovery Grant	0	282,453	0	282,453	526,319	(282,453)	526,319
<b>Economic services</b>							
Water Corporation - Treatment Plant	201,181	0	0	201,181	0	(31,500)	169,681
Department Communities	10,438	0	(10,438)	0	0	0	0
<b>Other property and services</b>							
DRD CLGF 2012 2013 Individual	200,756	0	(200,756)	0	0	0	0
<b>Total</b>	<b>2,188,940</b>	<b>675,001</b>	<b>(939,426)</b>	<b>1,924,515</b>	<b>1,016,945</b>	<b>(1,754,834)</b>	<b>1,186,626</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.

## 20. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	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 valuations</b>											
GRV Townsite Residential	9.6004	4,251	60,692,142	5,826,689	20,390	3,474	5,850,553	5,825,952	112,000	600	5,938,552
GRV Northam Commercial/Industrial	10.5800	256	13,258,919	1,402,794	(123)	66	1,402,737	1,402,794	1,000	100	1,403,894
<b>Unimproved valuations</b>											
Agricultural Local	0.5949	372	134,756,000	801,664	19,833	584	822,081	801,664	5,000	100	806,764
Agricultural Regional	0.5210	166	106,337,000	554,016	7,680	2,078	563,774	554,016	5,000	100	559,116
Rural Small Holdings	0.7404	84	15,181,000	112,400	1,652	223	114,275	112,400	3,000	100	115,500
<b>Sub-Total</b>		5,129	330,225,061	8,697,563	49,432	6,425	8,753,420	8,696,825	126,000	1,000	8,823,826
<b>Minimum payment</b>	\$										
<b>Gross rental valuations</b>											
GRV Townsite Residential	905	665	2,192,452	601,825	0	0	601,825	601,825	0	0	601,825
GRV Northam Commercial/Industrial	905	54	213,185	48,870	0	0	48,870	48,870	0	0	48,870
<b>Unimproved valuations</b>											
Agricultural Local	905	67	6,346,029	60,635	0	0	60,635	60,635	0	0	60,635
Agricultural Regional	905	165	21,292,400	149,325	0	0	149,325	149,325	0	0	149,325
Rural Small Holdings	905	7	848,000	6,335	0	0	6,335	6,335	0	0	6,335
<b>Sub-Total</b>		958	30,892,066	866,990	0	0	866,990	866,990	0	0	866,990
<b>Less Rates Written Off</b>				(18,172)			(18,172)				
		6,087	361,117,127	9,546,381	49,432	6,425	9,602,238	9,563,815	126,000	1,000	9,690,816
Discounts/concessions (refer note 20(b))							0				(1,000)
<b>Total amount raised from general rate</b>							9,602,238				9,689,816
Ex-gratia rates							14,130				13,924
<b>Totals</b>							9,616,368				9,703,740

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

20. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee	Discount	Discount	Actual	Budget	Circumstances in which Discount is Granted
Discount Granted	%	\$	\$	\$	
Rate Assessment Write Off				1,000	

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

20. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	14.09.2017	0	0.00%	11.00%
<b>Option Two</b>				
First instalment	14.09.2017	0	5.50%	11.00%
Second instalment	14.11.2017	10	5.50%	11.00%
<b>Option Three</b>				
First instalment	14.09.2017	0	5.50%	11.00%
Second instalment	14.11.2017	10	5.50%	11.00%
Third instalment	15.01.2018	10	5.50%	11.00%
Fourth instalment	15.03.2018	10	5.50%	11.00%

	2018	
	2018	Budget
	\$	\$
Interest on unpaid rates	147,254	120,000
Interest on instalment plan	32,572	31,000
Charges on instalment plan	37,630	38,000
	<u>217,456</u>	<u>189,000</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

21. NET CURRENT ASSETS

Composition of net current assets for  
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 17 brought forward</b>	4,962,863	6,793,608	6,793,608
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	2,388,415	4,303,242	4,303,242
Restricted	7,311,337	7,397,304	7,397,304
Receivables			
Rates outstanding	1,996,581	1,890,598	1,890,598
Sundry debtors	1,458,764	478,800	478,800
GST receivable	95,597	178,542	178,542
Loans receivable - clubs/institutions	16,818	15,099	15,099
Accrued Income	71,474	29,834	29,834
Less provision for doubtful debts	(142,499)	(151,505)	(151,505)
Inventories			
Fuel	1,224	631	631
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(1,447,161)	(1,224,306)	(1,224,306)
Accrued interest on debentures	(31,275)	(35,666)	(35,666)
Accrued salaries and wages	(57,702)	(63,173)	(63,173)
ATO liabilities	7,542	0	0
ESL payable	(3,131)	(2,944)	(2,944)
Accrued Expenditure	(166,462)	(190,449)	(190,449)
Current portion of long term borrowings	(224,381)	(224,611)	(224,611)
Provisions			
Provision for annual leave	(605,891)	(563,236)	(563,236)
Provision for long service leave	(458,405)	(486,716)	(486,716)
<b>Unadjusted net current assets</b>	10,210,845	11,351,444	11,351,444
<b>Adjustments</b>			
Less: Reserves - restricted cash	(6,124,711)	(5,472,789)	(5,472,789)
Less: Loans receivable - clubs/institutions	(16,818)	(15,099)	(15,099)
Less: Leave Reserve Cash Backed	419,166	455,441	455,441
Budget Leave Cash Backed	250,000	250,000	250,000
Add: Current portion of long term borrowings	224,381	224,611	224,611
<b>Adjusted net current assets - surplus/(deficit)</b>	4,962,863	6,793,608	6,793,608

**Difference**

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**22. FINANCIAL RISK MANAGEMENT**

The Shire's activities expose it to a variety of financial risks including price risk, 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	9,699,752	11,700,546	9,699,752	11,700,546
Receivables	4,079,926	2,988,725	4,079,926	2,988,725
	13,779,678	14,689,271	13,779,678	14,689,271
<b>Financial liabilities</b>				
Payables	1,698,188	1,516,538	1,698,188	1,516,538
Borrowings	2,008,062	2,235,673	2,372,019	2,635,722
	3,706,250	3,752,211	4,070,207	4,152,260

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

## 22. 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 portfolio. 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.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash is 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.

	2018	2017
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	96,998	117,005
- Statement of Comprehensive Income	96,998	117,005

**Notes:**

Sensitivity percentages based on management's expectation of future possible interest rate movements.

(1)

## 22. 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>2018</b>	<b>2017</b>
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	92.04%	88.00%
- Overdue	7.96%	12.00%

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Payables and 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 Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables	1,936,616	0	0	1,936,616	1,698,189
Borrowings	347,159	957,198	1,524,981	2,829,338	2,008,062
	2,283,775	957,198	1,524,981	4,765,954	3,706,251
<b>2017</b>					
Payables	1,516,538	0	0	1,516,538	1,516,538
Borrowings	361,054	1,062,267	1,676,625	3,099,946	2,235,673
	1,877,592	1,062,267	1,676,625	4,616,484	3,752,211

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:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted
								Average
	\$	\$	\$	\$	\$	\$	\$	Effective
								Interest Rate
								%
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	227,381	237,888	110,829	117,444	124,473	1,190,047	2,008,062	6.21%
Weighted average						0		
Effective interest rate	6.15%	6.15%	6.20%	6.22%	6.26%	6.30%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	13,279	0	383,034	0	1,839,360	2,235,673	6.15%
Weighted average								
Effective interest rate	0.00%	6.22%	0.00%	6.12%	0.00%	6.12%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**23. 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 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Town Hall Bond	1,100	1,800	(1,900)	1,000
Lesser Hall Bond	400	100	0	500
POS cash in lieu	256,534	7,244	0	263,778
Bonds Building	25,500	100	(100)	25,500
Nominations Bond	0	1,040	(1,040)	0
Crossovers Bond	63,892	0	0	63,892
Recreation Centre Bond	400	700	(700)	400
Facilities Bond	19,007	808	(100)	19,715
Footpath/Kerbing Bond	90,500	22,000	(22,000)	90,500
Retentions	106,671	39,667	(52,266)	94,072
Sundry Trust	57,860	0	(33,000)	24,860
Standpipe Key	8,050	650	(900)	7,800
Resited Dwelling	31,851	483	(10,500)	21,834
Deposits Extractive Industries	237,787	4,812	0	242,599
Other	10,692	7,943	(6,155)	12,479
AROC	121,002	57,525	(39,204)	139,323
BCTIF	368	40,637	(40,596)	409
BRB	313	45,159	(44,625)	847
Animal Traps	230	200	(100)	330
Storm Damage Donations	175	0	0	175
	<u>1,032,331</u>			<u>1,010,013</u>

## 24. 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:

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
(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 2019	<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 on 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 into the 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 when 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>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

## 24. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

### 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

## 25. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) 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.

### b) Current and non-current classification

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 or non-current based on the Shire's intentions to release for sale.

### c) Rounding off figures

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

### d) 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 statements that has a material effect on the statement of financial position, 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.

### e) 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.

### f) 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.

### g) Fair value of assets and liabilities

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.

### h) 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.

#### 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 the service capacity of an asset.

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.

#### i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**26. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	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
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services	Rates, general purpose government grants and interest revenue
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, pest control, immunisation services, noise control and health inspections
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	Assistance with playgroup centres, senior citizen hall and respite care centre. Provision of home and community care programs and youth services
<b>HOUSING</b>	To provide and maintain elderly residents housing	Provision and maintenance of rental housing, including elderly residents housing
<b>COMMUNITY AMENITIES</b>	To provide services required by the community	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.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure	Maintenance of public halls, civic centres, aquatic centres, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community	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
<b>ECONOMIC SERVICES</b>	To help promote the Shire and its economic wellbeing	The regulation and provision of tourism, area promotion and building control. Provision of rural services including weed control, vermin control and standpipes
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control Shire's overheads operating accounts	Private works operation, plant repair and operation costs and engineering operation costs

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**27. FINANCIAL RATIOS**

	2018	2017	2016
Current ratio	2.29	2.89	1.55
Asset sustainability ratio	0.98	1.10	0.91
Debt service cover ratio	12.23	16.90	7.20
Operating surplus ratio	0.01	0.16	(0.11)
Own source revenue coverage ratio	0.71	0.72	0.70

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 54 of this document.

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants.

In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	1,749,433	1,755,905	0
Amount of Financial Assistance Grant received in prior year relating to current year.	1,755,905	0	1,695,087

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	2.29	2.14	1.55
Debt service cover ratio	12.25	12.23	11.83
Operating surplus ratio	0.01	0.03	0.02

**SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2018**

**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.

	2018	2017	2016
Asset consumption ratio	0.56	0.58	0.57
Asset renewal funding ratio	1.08	0.98	0.98

The above ratios are calculated as follows:

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

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

### Opinion

We have audited the accompanying financial report of the Shire of Northam (the Shire), which comprises the Statement of Financial Position as at 30 June 2018, 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.

In our opinion, the financial report of the Shire of Northam:

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

### Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF THE SHIRE OF NORTHAM (CONTINUED)**

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives of the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS 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) All required information and explanations were obtained by us.
- b) All audit procedures were satisfactorily completed in conducting our audit.
- c) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of the Shire of Northam for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



GREG GODWIN  
PARTNER

Date: 9 November 2018  
Perth, WA

9 November 2018

Cr C.R. Antonio  
Shire President  
Shire of Northam  
PO Box 613  
NORTHAM WA 6401

Dear Cr Antonio,

## **MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018**

We advise that we have completed our audit procedures for the year ended 30 June 2018.

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.

We noted no matters we wish to draw to your attention.

## **UNCORRECTED MISSTATEMENT**

We advise there were no uncorrected misstatements noted during the course of the audit.

We take this opportunity to thank the Shire for their 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  
[Moore Stephens](http://www.moorestephens.com.au)

Encl.



Shire of Northam  
*Heritage, Commerce and Lifestyle*

# Shire of Northam



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