



Shire of Northam
Heritage, Commerce and Lifestyle



ANNUAL REPORT

2018/19

Safe, Open, Accountable, Respectful

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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 kilometers. The Western Shire boundary commences 60 kilometers east of Perth, with the town site of Northam situated a further 35 kilometers 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, retail, 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.



SHIRE PRESIDENT'S REPORT

It has been my pleasure to work with The Northam Shire Council over the past twelve months. It has been, and continues to be, our intent to ensure the best possible outcomes for all residents and ratepayers.

Each year Council sets itself high standards, which can be summarised by our Vision and Mission.

I continue to thank each and every one of the other nine Councillors for their continued commitment to the Shire. Special mention goes to the Deputy Shire President, Cr Michael Ryan, who has been of great value over the past twelve months in not only allowing me to fulfil my role as President, but also in his own role as Deputy.

I would like to farewell Cr Chris Davidson, who did not seek re-election at the October 2019 elections. Chris has served well as Councillor for the West Ward in the Shire of Northam over the past four years.

Mr Jason Whiteaker, our Chief Executive Officer, has worked exceptionally with our Shire over the past twelve months, and has now worked with us for six years. Now in the second five-year contract, Mr Whiteaker continues to work tirelessly for the Shire. Our mutually agreed Key Performance Indicators continue to ensure the best possible outcomes for all Shire residents and ratepayers. I continue to thank the Chief Executive Officer for making my role much easier to fulfil.

The Shire of Northam continues to adhere to the Strategic Community Plan (2017 – 2027). Some of the key points within the six key focus areas include –

Economic Growth, which includes ensuring the Shire of Northam is not only an attractive investment destination, but also includes a thriving local business community, and vibrant CBD, a robust tourism industry and recognition for excellence in education, research and development.

Community Wellbeing, which has a caring and inclusive community, and number of recreation and leisure activities available to all, available public transport and be a regional health services centre for many services which also allows aged residents to remain close to their local community.

Safety and Security, allowing residents to achieve their goals whilst feeling safe and secure.



SHIRE PRESIDENT'S REPORT (CONTINUED)

Environment and Heritage, in recognising our unique heritage, the Shire continues to be readily accessible and visually pleasant, whilst respecting our environmental and our impact to it.

Infrastructure and Service Delivery, encouraging safe and well-maintained infrastructure whilst also facilitating and improving urban areas.

Governance and Leadership, providing a sustainable, inclusive, responsive, innovative and transparent organisation whilst elected members provide strong and effective community leadership.

Within our Corporate Business Plan for 2019-2020, the Shire has identified six key strategic drivers. These drivers allow us to focus our efforts on areas to benefit the Shire. These drivers are: The Agricultural Sector, Transport and logistics, Government Agencies and Service Sectors, Location and Commutability to and from Perth, Strong Infrastructure Connections to Perth and Mining Centres, and our Status as a Regional Centre.

As can be seen over the entire Shire, there continues to be substantial investment. It is estimated that combined, these investments exceed over \$250 million, spread over the recent, current and following financial years. What is notable, is that the investment spend is spread across both private and all levels of Government.

The Shire of Northam continues to host a number of cornerstone events. These include:

The Northam Motorsport Festival, the Avon River Festival, Christmas on Fitzgerald's, and the Cycling Criterium.

Apart from hosting and supporting many community activities, the Shire continues to bid for major events. One of the successful future events the Shire has won the rights to host is the 2021 World Women's Ballooning Championship.

Some of the Shire's major capital projects include:

- The Youth Precinct, which started and completed construction over the past 12 months. Since opening, this facility has been proven to be very popular and successful.
- The Northam Aquatic Centre. Construction of the new 50 metre outdoor heated pool, 25 metre lap pool, children's play area and four slides, is currently underway and due to be opened in early 2020.
- Continued focus on Rural Roads, Drainage 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.

ELECTED MEMBERS

Local government ordinary elections are held on the third Saturday in October every two years. There was no election held in 2018/19. The following Elected Members in 2018/19 were:



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

CHIEF EXECUTIVE OFFICER'S REPORT

It is my pleasure to provide this 2018/19 financial year summary for your information. This was a year where we have completed and commenced a number of critical projects and developments which are positioning our communities strongly for future prosperity.

Development

The awarding of the Northam aquatic facility development tender occurred in the second quarter of the financial year, with Copper & Oxley being the successful tenderer. Cooper & Oxley have a strong connection to Northam and while they have had their financial challenges in the past, the Council made an informed decision to provide them with the opportunity to build the \$11m facility. At the time of reporting Cooper & Oxley, along with project design and superintendent architect have done a very good job through the design and construction commencement phase. Council is very much looking forward to this regional facility opening in early 2020.



The \$1.5m Northam Youth Precinct was also commenced and completed within the financial year which has been a hugely popular addition to the community amenity.

Importantly 2018 saw the opening of the Bilya Koort Boodja Centre for Nyoongar Culture and Environmental Knowledge (BKB). The BKB is an exciting project, which is the result of a number of year's hard work in the community. Special thanks goes to the members of our Elder Working Group who have driven this project and delivered an outstanding community asset. The Centre has a number of critical elements for our community. It very much focuses on Nyoongar culture and will be used as a learning centre for our community as well as people coming into our community. The centre will provide significant employment opportunities for our Nyoongar Community, whilst also providing a world class tourist attraction. Whilst the performance of the Centre has been below expectations from a tourism perspective, we are working hard to address this. On a positive note our cross cultural awareness training provided out of the Centre has been very successful as has our school excursion programs.

In addition to these Council driven projects, there are a number of developments occurring within the Shire of Northam that will add significant value to our communities. The Procon Developments road house on Yilgarn Avenue is nearing completion, while Council has also finalised negotiations with Procon Developments for the sale of the Council owned adjoining lot.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

This sale is subject to subdivision approval, with the intent of developing the site into the Avon Logistics Hub, which has the potential to create significant employment within region.

The DOME development has gained significant momentum over the past six months with indications it will be officially open in the third quarter of 2019/20. DOME will be a welcome addition to our community offering seven day a week food and beverage options, as well as high quality accommodation, which is very much needed in the region.

People

The Shire of Northam (Council) has approximately 31 different service areas ranging from emergency management to land use planning. In order to deliver across this range of service areas, Council has 106.9 full time equivalent employees. This is an increase over the previous financial year, predominantly as a result of the BKB.

A strong focus for the Council over the past two years has been our Nyoongar employment levels. Our current percentage of Nyoongar employees is approximately 11%, which is up from approximately 2% just three years ago. This achievement has been across the organisation with increases across community development, corporate services and engineering services. We will continue this commitment with a renewed focus on our youth and people with disabilities into the future.

While our staff turnover is up by five percent on the previous year, at 17%, it is still within the threshold of 20% established by Council and a significant reduction in the mid 30% rates experienced in the three years prior to 2013. We remain committed to reducing this rate to below 15% annually and have a range of strategies in place to assist in achieving this aspiration.

I would like to extend my gratitude to all our employees and volunteers who make a significant contribution to our various communities. Without the dedication, skill and hard work of all these individuals, within their teams, the Shire of Northam would not be the great place that it currently is.



CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Performance

Financial sustainability and management are critical to our organisational success and consequently has been a strong organisational 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.

The annual financial statements highlight our financial stability with the range of key indicators remaining consistently strong;

	2019	2018	2017
Current ratio	1.76	2.29	2.89
Asset consumption ratio	0.53	0.56	0.58
Asset renewal funding ratio	0.98	1.08	0.98
Asset sustainability ratio	1.31	0.98	1.10
Debt service cover ratio	14.45	12.23	16.90
Operating surplus ratio	0.06	0.01	0.16
Own source revenue coverage ratio	0.74	0.71	0.72

It is important to note that while these indicators are relatively strong currently, Council is projected that a number will be adversely impacted in 2019/20. This projection is based on a number of strategic decisions which have been made by Council;

- Significant increase in borrowings to deliver the Northam aquatic facility project. This will impact a range of indicators, including the debt service ratio and operating surplus ratio, in addition to the various asset ratios. However it is important to note that the increase in debt will not result in any of the ratios falling outside of the Department of Local Government's established guidelines.
- Sale of land. Council has resolved to sell two strategic parcels of land which will impact a range of ratios. This impact will be the result of the sales being for less than current 'fair values' according to Council's balance sheet, however the sales are both significantly in excess of the original Council cost of purchase and were both generally in line with current market appraisals undertaken as part of the Council's due diligence prior to sale. The two parcels of land being sold are also set to yield significant economic and community benefits, which were the primary motivators for the individual sales.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

According to the [My Council Website](#), the Shire of Northam for the last two reporting periods published have a health indicator 20% higher than the State Average, which is a significant achievement given that in 2013 the Council was approximately 6% lower than the State average.

From an operational perspective we continue to focus on our process mapping, improvement and productivity initiatives. We are committed to ensuring that our key processes are mapped and standardised to the extent that we can be comfortable that we can achieve strong outcomes in the knowledge that we deliver these outcomes to our communities, safely, consistency and equitably.

I would like to thank our team of process champions for the work they do in this area to ensure that we continue to strive to being a high performing organisation, focusing on outcomes for our range of stakeholders.

Finally, I would like to acknowledge the contribution of the Shire of Northam Executive Group for their commitment and achievements over the past twelve months. I am fortunate to work with a team that has very clear objectives with a focus on improvement and outcomes. The Shire of Northam has an exciting future and I look forward to continuing on the journey with our team.

Jason Whiteaker

Chief Executive Officer



EXECUTIVE STAFF



Mr Chadd Hunt
Executive Manager Development Services



Mr Clinton Kleynhans
Executive Manager Engineering Services



Mr Ross Rayson
Executive Manager Community Services



Mr Colin Young
Executive Manager Corporate Services

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.”

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

LEADERSHIP - To recognise the community's expectations to provide leadership.

RESPECT - To respect differences in age, culture, values and opinion.

TEAMWORK - To achieve through the efforts of the team.

EXCELLENCE - To aspire to one standard.

OPENNESS - To engender trust through openness.

Our 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.”

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

SAFE - Focus on importance of safety in the organisation.

OPEN - Engage in two way communication, with transparency and trust

ACCOUNTABLE - Know what you are responsible for, take ownership and deliver accordingly.

RESPECTFUL - Demonstrate respect for other's skills, knowledge and differing value systems.

STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Local Planning Policies

The Shire has not adopted any new local planning policies over the 2018/19 financial year. A review of LPP20 – Advertising of Planning Proposals was undertaken resulting in broader advertising requirements for significant proposals. A draft LPP for the Spencer's Brook Special Control Area was advertised during the period and is in the process of being finalised following public consultation. A full review of the local planning policies will be commenced following review of LPS6 and the Strategy.

Development Applications

A total of 108 development applications were determined by the Shire of Northam to the value of \$18,208,131 during the 2018/19 financial year. Of these, 87 applications were determined by staff under delegated authority. The average timeframe for determining development applications under delegation during this period was 34 days and by Council was 91 days.

During this period, a number of significant developments were approved by the Shire and/or are currently under construction, including KFC (due to commence early 2020), Dome Café and Farmer's Hotel (due to open February 2020), and Mobil Roadhouse (due to open October 2019).



STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Subdivision

During the 2018/19 financial year, the Planning Section responded to 10 subdivision referrals from the Western Australian Planning Commission and cleared conditions for 3 subdivision proposals. The Avon Logistics Hub, a new light and service industry subdivision proposal, is currently under assessment.

Strategic Planning

The Shire of Northam Local Planning Strategy was endorsed by the Western Australian Planning Commission in July 2013 and the Shire of Northam Local Planning Scheme No. 6 (LPS6) was gazetted on 21 August 2013. The Planning and Development (Local Planning Schemes) Regulations 2015 require local planning schemes to be reviewed every 5 years. A review of LPS6 and the Strategy has commenced, which indicates that the current scheme is operating satisfactorily at present and can continue to meet the needs of the community by initiating an omnibus amendment to correct any anomalies identified during the review process.

Other strategic documents that will be reviewed in the upcoming year include the Laneway Strategy and the Land Rationalisation Strategy.

Scheme Amendments

Four scheme amendments to LPS6 were initiated during the 2018/19 financial year, with 3 of those amendments being gazetted. The amendments were:

Scheme Amendment 8 – was gazetted on 9 July 2019 and introduced provisions to regulate repurposed and second-hand dwellings, which are applicable to all zones.

Scheme Amendment 13 – was gazetted on 14 June 2019 and introduced an additional use to permit motor vehicle sales in conjunction with the redevelopment of Avon Valley Nissan located on the corner of Peel Terrace and Wellington Street, Northam.

Scheme Amendment 14 – was gazetted on 9 August 2019 and rezoned Lot 50 Katrine Road, Irishtown to a special use zone to correct a scheme error to facilitate future tourism uses.

Scheme Amendment 15 – has been initiated to rezone the Avon Valley Beef Abattoir on Goomalling Road to a special use zone to regulate the current and future use of the site.

STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Heritage

A draft Heritage List has been developed and advertised to the community and landowners, which generally consists of properties in Categories 1 and 2 of the Northam Municipal Heritage Inventory. It is envisaged that the List will be finalised in late 2019. Following the introduction of the new Heritage Act, Municipal Heritage Inventories will be known as Local Heritage Surveys and will become an important source of community information on local heritage.

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 2018/19 financial year.



STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Tourism and Events

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.

In the 2018/19 financial year, we began to develop and roll out the 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. Although the #visitnortham hashtag and name is still in use, we have now transitioned across to the new tourism pillar of READY.SET.GO in our tourism and events communications.

Visitations to the Northam Visitor Centre have declined in 2018/19, as seems to be the trend elsewhere also, although visitor numbers around town are reported to have risen. 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.



STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Tourism and Events (Continued)

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 2018/19 financial year, the Shire of Northam also exhibited at Dowerin Field Days, which allowed staff to raise more awareness of Northam as a destination.

As was the case in previous years, over the next 12 months, we will again be focusing 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.

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 2018/2019 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
- Christmas on Fitzgerald (including the switch on of Northam's Christmas decorations)

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 2018/19 financial year by the introduction of public surveys following major events, which offer more tangible feedback to use for improvements and changes.

Successes of the Tourism & Events team in the 2018/19 financial year have been the securing of the rights to host the 2021 Women's World Hot Air Ballooning Championships, which has previously never been held outside of Europe, and the attainment of the Silver Award for Local Government Tourism with the WA Tourism Awards, and Best Regional Event award for the Northam Balloon Fiesta in the Australian Event Awards.

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 2: COMMUNITY WELLBEING

Libraries

Due to changes in the State Library system, the Regional model has been dismantled and a new tiered model has replaced it. Northam Library Service has been allocated as a Tier One library system, as we have sufficient population and qualified staff to develop as a more independent library service. This has many benefits for the library service; we are able to purchase items directly from book suppliers rather than selecting from a State Library provided list. As a result, although the changes have only been in place since August of this year, the library has placed over a hundred direct book purchase requests for patrons, and has been able to preorder popular titles so they arrive faster. We are also eligible to apply for extra project grant funding from the state library when that becomes available.



Northam and Wundowie libraries now share an online library management system, and that has gone live. There are significant benefits in this especially for Wundowie residents; this enables any member of the library to place a hold on any item and have it available for pickup at the library they choose. Any book can be returned at any library. Wundowie residents now have their choice of library materials expanded by the 21,000 titles on the shelves in Northam. Wundowie will soon receive a self checkout and a library catalogue computer; because of the open source nature of the library system, this comes at no cost to the Shire.

Our Local History service has grown; we have received a number of interstate and Perth visitors who are very grateful for the opportunity to browse our local history collection with the assistance of Clare Murray. Clare has also undertaken accredited training in local history this past year.

The libraries have hosted many visitors in the past year; 42 students from West Northam Primary School had a visit with the Eco Fairies in the Northam Library garden, while Fluffy Ducks frequent Wundowie Library on a weekly basis (and there might be a fairy visit in their future). We continue to invigilate exams for several universities, host groups such as the Writers Group, Read Write Now, and Wanslea Grandcarers, and run our standard library programs such as STEAM Activity Time and Storytime for Preschoolers, Seniors IT and our Housebound home delivery service. Our school holiday programs such as our Robotics activity time and School Holiday Reading Program continue to be popular. Thanks to the over \$8000 in grants received from BeConnected and WA Children's Week, we were able to host a week long morning tea at both libraries, and have several events planned in October in conjunction with partners such as the WA Health Service.

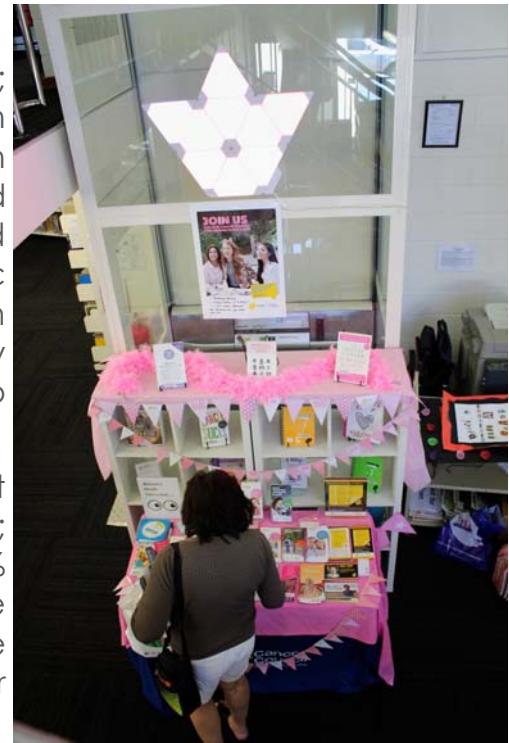
STRATEGIC COMMUNITY PLAN

THEME AREA 2: COMMUNITY WELLBEING

Libraries (Continued)

Both libraries have received a revamp in the past year; Wundowie Library has had the back office transformed into an attractive study area, the library shelving has been reconfigured to allow for a more open public space, and furniture throughout the library has been replaced with the aid of Northam Comfortstyle. Northam Library has had plastic chairs replaced with more comfortable fabric chairs which meet Australian standards for public seating, and the study tables have been replaced with ones more suited to laptop use.

As a result, though statistics from the new library system aren't complete for the past year, we have grown in terms of visits; from 20320 visits at Northam in 17-18 to 20960 in 18-19 (a 3% growth). For the first time we tracked our computer usage statistics: 2552 uses of our public computers in Northam in the year and 2700 in Wundowie. Library staff's ability to help our patrons online is an in-demand service.



Aged Services

The Aged Care WAAFI (WA Assessment Framework Interface) has been implemented to promote collaboration with other service providers within the Avon region.

The Shire is working towards becoming a dementia friendly community. This is still in the planning stage and will take some time to implement.

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 and independence:

- Daily respite
- Overnight respite
- Men's group

This Year Killara has seen some integral changes in the way we 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.

STRATEGIC COMMUNITY PLAN

THEME AREA 2: COMMUNITY WELLBEING

Swimming Pools

Recreation Centre

Senior Sport

A fantastic initiative of Council, the Senior Sport program that provides assistance for Seniors to remain active continued to be a massive success with 138 participants (26 of whom were new or returning to sport) across eight providers taking advantage of the physical, social and mental benefits of increased physical activity.

This program continues to be a success with around 60 new participants being recorded in the Senior Sport programmes over the last two years

Sporting Precinct

The outdoor spaces at Northam Recreation precinct have been a challenge during the latter half of the Financial year, due to the construction of the new Aquatic Centre.

Jubilee Oval was used for Recreation Parking, and this provided scheduling and other issues with Henry St, it was a difficult year with only one active playing surface available. With the Aquatic Centre due for completion in January 2020, 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 ova and the Northam Cricket Club's Twenty-20 competition under lights.

Northam Youth Precinct

The Northam Youth Precinct was opened to the public in March 2019. The state of the art regional facility has elements for all ages, with skate facilities, flying fox, nature play space, half-court basketball and BBQs providing a space that for everyone.

The space has been popular with the local and regional communities, and has hosted some very well presented and attended skating workshops by Skateboarding WA.

Planning is underway to provide connectivity between the Youth Precinct and the Northam Recreation and Northam Aquatic Facility.



STRATEGIC COMMUNITY PLAN

THEME AREA 3: SAFETY & SECURITY

Shire of Northam Community Safety and Crime Prevention Plan 2016-2020

The Community Safety Committee continued to meet quarterly throughout 2018/19. Significant progress has been made towards implementing the Shire of Northam Community Safety and Crime Prevention Plan 2017-2021. Community awareness and education to increase personal safety and prevent crime is being increased through a number of toolkits and checklists available via the Shire's website. These messages are also being promoted through the Community Safety Corner published via the Shire's social media. The Shire have been collaborating with the local youth service providers to support youth programs and initiatives that increase youth engagement. This includes activation activities occurring at the Northam and Wundowie Youth Precincts. The Keeping Kids in Schools program is still being driven through the Shire or Northam and the Community Safety Committee.

Overall rates of crime have been declining over the past 5 years. The most problematic areas of crime continue to be stealing, property damage and drug offences. Threatening behaviour towards family has seen a slight increase and there was an increase in motor vehicle theft in 2018/19.

Shire of Northam Crime Statistics:

Type of Offence	2016/17	2017/18	2018/19
Homicide	0	1	2
Sexual Offences	27	32	32
Assault (Family)	166	136	122
Assault (Non-family)	90	123	102
Threatening Behaviour (Family)	15	22	23
Threatening behaviour (Non-family)	43	43	27
Deprivation of Liberty	3	5	1
Robbery	7	4	3
Dwelling Burglary	244	85	115
Non-dwelling Burglary	73	55	49
Stealing of Motor Vehicle	25	19	35
Stealing	411	358	331
Property Damage	383	304	238
Arson	19	8	5
Drug Offences	323	257	225
Graffiti	28	7	22
Fraud & Related Offences	176	55	62
Breach of Violence Restraining Orders	159	60	111
Total Offences	2,022	1,573	1,520



ewatch

STRATEGIC COMMUNITY PLAN

THEME AREA 3: SAFETY & SECURITY

Community Alcohol & Other Drug Management Plan

The Alcohol & Other Drug Management Plan 2015 – 2017 has now been completed and reviewed. As a result of the issues arising from the review of the plan being largely related to youth, a new Youth Wellbeing Plan 2018 – 2020 was developed with stakeholder input, with Holyoake being the lead agency. The Youth Wellbeing Plan centers on alcohol and drug prevention and mental health and wellbeing.



CCTV Stage 2

Stage 2 of the Shire's CCTV (Wundowie CCTV) is in the network design phase. There has been ongoing consultation with the Wundowie Police and the community regarding their CCTV requirements.

Develop & Implement Grass Valley Community Master Plan

The Grass Valley Community Plan 2019 – 2029 was completed and endorsed by the Grass Valley Community and Shire of Northam Council. This plan was developed following a process of community consultation and desktop research.

Community Bus Trial

A community bus trial from Wundowie to Northam, via Bakers Hill & Clackline was implemented for a period of 9 months. The bus trial assisted people in these communities to access services such as medical, Centrelink and employment agencies in Northam. This trial was funded by the Department of Communities.



STRATEGIC COMMUNITY PLAN

THEME AREA 4: Environment & Heritage

Reconciliation Action Plan

The Draft Shire of Northam Reflect Reconciliation Action Plan (RAP) has been developed and submitted to Reconciliation Australia for feedback. One round of feedback has been received with several required adjustments made. Final approval for the Plan is being sought from Reconciliation Australia as per the RAP process.

The Shire of Northam RAP Working Group hosted a Reconciliation Walk to celebrate National Reconciliation Week. The community walk was highly successful with participants walking from the Northam Library, along the river path to the BKB Centre, where a community BBQ was held.

Shire of Northam Art Collection

In 2018/19, a policy has been developed to guide the management of the Shire of Northam Art Collection and other art related matters within the Shire. During 2018/19 a number of artworks of little or no value have been deaccessioned from the collection and a number of artworks listed as missing from the collection have been located. Over the year, assistance has also been provided to local groups to identify & preserve local stories.

Preserving Local Stories

With funding from the National Library of Australia a significance assessment of the Old Railway Station museum commenced during 2018/19 with the final report to be completed towards the end of 2019. The significance assessment will assist to identify and preserve important local stories related to Northam's railway heritage.

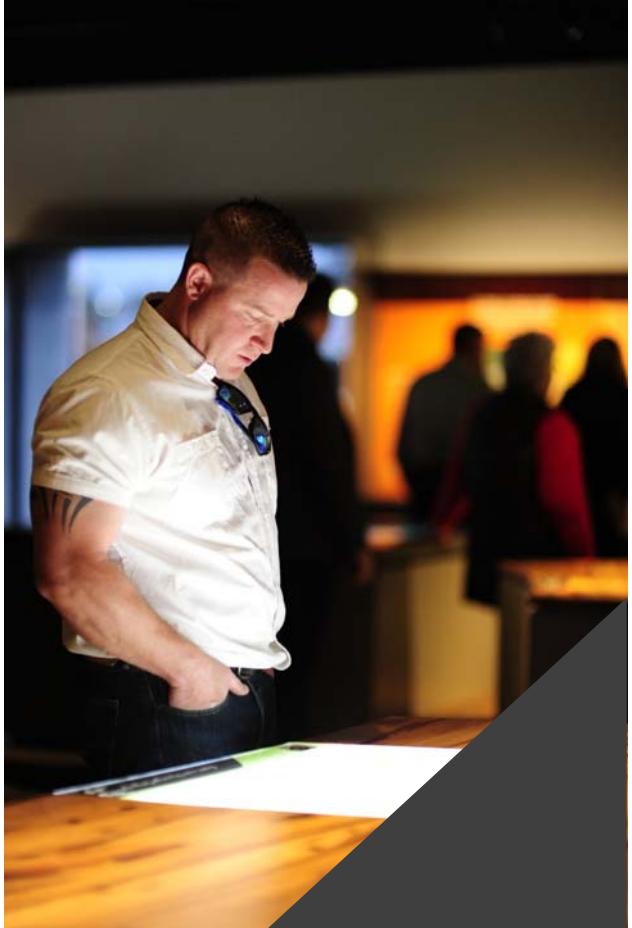
Bilya Koort Boodja – Centre for Nyoongar Culture & Environmental Knowledge

The Bilya Koort Boodja (meaning River Heart Land) Centre for Nyoongar Culture and Environmental Knowledge was opened on 10th and 11th August 2018.

The Centre is a collaborative project between the Shire of Northam and the Local Aboriginal community, who have been represented by an Aboriginal Advisory Group (AAG). The centre has proved to be popular with school programmes and community group visitations continuing to grow. In addition, the Centre now offers cultural awareness training for groups and individuals, which is proving to be very popular with organisations both in Northam and in the wider community.

The Centre continues to work to increase its presence and prominence in the tourism industry, with day visitation numbers the focus.

The Centre not only represents Northam, but tells the story of the Ballardong region, both from an Aboriginal cultural and an environmental view point.



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 103 stallholder permits in accordance with Council's Local Law and 19 event permits in accordance with the Health (Public Buildings) Regulations 1992. Some of the events approved included the Avon Descent, Avon River Festival, Avon A Go Fun Run, Cause For Paws, Christmas on Fitzgerald, Northam Motor Sport Festival, Wundowie Iron Festival and Rumble Combat League.

For the year 2018/19, there were 102 food businesses registered in the Shire of Northam which are regularly inspected by the Shire's Environmental Health Officers (EHO's), 23 approvals issued for the installation of new effluent disposal systems and 24 '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. 124 public pool water samples were submitted for testing in 2018/19 which all but one complied with the Department of Health's Guidelines.

Similarly 71 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. The Water Corporation has confirmed that the solid and liquid waste plant will be upgraded and a Works Application has been submitted to the Department of Water and Environmental Regulation for approval.



STRATEGIC COMMUNITY PLAN

THEME AREA 4: Environment & Heritage

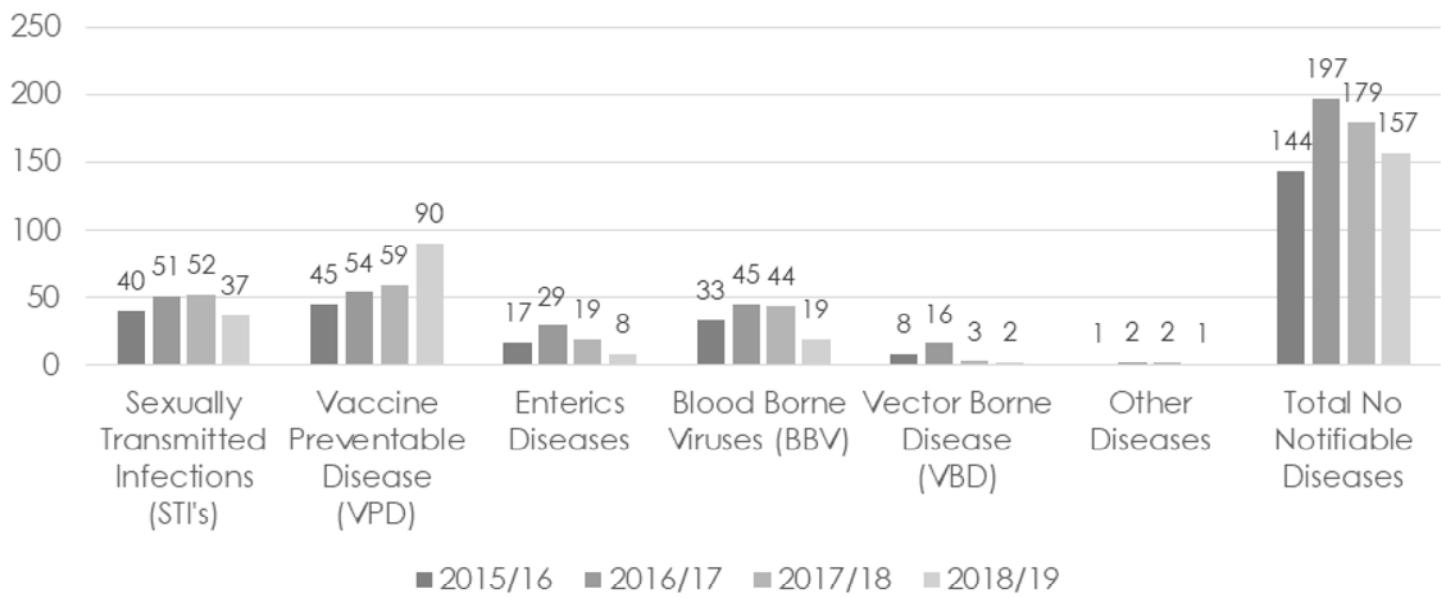
Health (Continued)

The Health Department of Western Australia has reported 157 disease notifications within the Shire of Northam from 1 July 2018 to 30 June 2019, being a reduction of 22 cases from the previous year. These results indicate 90 Vaccine Preventable Diseases (VPD) which is an increase of 31 more cases from the previous. There were 19 Blood Borne Viruses (BBV) which is less than half 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 2018/19 year were Influenza 66 notifications, Chlamydia 29 notifications, Hepatitis C 16 notifications, Gonorrhoea 8 notifications, Hepatitis B 7 notifications, Varicella 4 notifications, Campylobacter notifications 4 and Pertussis (Whooping Cough). There was again only 2 cases of Ross River Virus reported in 2018/19.

Disease notifications were impacted significantly overall by the unprecedented Influenza outbreak across the region (Wheatbelt = 435 cases) and the State. Vaccine Preventable diseases (Influenza) had a higher uptake of vaccine in 65+ age groups and children 0-5 years. WA achieved 50% coverage rate.

Notifiable Diseases



Waste

Approximately 26,543 and 6,732 tonnes of waste material was received at the Old Quarry Road and Inkpen Road Waste Management Facilities respectively, for the 2018/19 financial year.

STRATEGIC COMMUNITY PLAN

THEME AREA 4: Environment & Heritage

Waste (Continued)

Of the 26,543 tonnes of waste material received at the Old Quarry Road Waste Management Facility, approximately 22,605 tonnes of waste was landfilled and at the Inkpen Road Waste Management Facility, approximately 3,239 tonnes of waste was landfilled. There was also 1,960 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 2018 and May 2019 as required under the premise licence issued by the Department of Water and Environmental Regulation (DWER). The ground water hydrology reports and Annual Monitoring Report were acceptable to the Department of Water and Environmental Regulation. Similarly the as the Inkpen Road Waste Management Facility has now been changed from a registered site to a licenced site and the first Annual Environmental Report was submitted to DWER in August 2019 in accordance with its licence requirements.

Approximately 1,634 vehicle tyres of various sizes, 1005 tonnes of scrap metal and 9 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 to last year with just over 8 tonnes of E-waste collected for recycling, with a 98% recovery rate.

The Shire's waste oil receival 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 under the national recycling scheme. Approximately 9,900L of waste oil was received and collected for recycling in 2018/19.

The Shire of Northam, in conjunction with DrumMuster recycled 3,751 chemical containers during the 2018/19 financial year which were collected and crushed at the Old Quarry Road Waste Management Facility prior to being transported to Perth for recycling.

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 again to 242 properties utilising the service in 2018-19.

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 904 tonnes. All 904 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

During the 2018/19 financial year focus remained on environmental sustainability and achieving the objectives of the Local Biodiversity Strategy. This involved the production of environmental reports, desktop studies, mapping and assistance for development applications, engineering projects, registering contaminated sites, reporting on illegal clearing and dumping in addition to the development of community orientated programs to promote revegetation.

In 2018/19 the Shire of Northam maintained its Waterwise endorsement together with 59 local governments across Western Australia. The Shire has also joined the national Cities Power Partnership program with over 110 other local governments to address climate change and developing best practice methods to implement within the Shire. The Shire has also joined the Urban Forest Working Group which aims to identify and address methods to “green” the urban environment.

The contaminated sites identified by the Department of Water and Environmental Regulation (DWER) were registered, logged and where possible remediated. Multiple illegal clearing and dumping cases were lodged with DWER and comments provided in association with ‘Permits to Clear’ native vegetation applications.

Assistance was provided for multiple road maintenance and widening projects throughout the year. This included Coats Road, Chinganning Road, Grass valley Road, Irishtown Road, Southern Brook Road, Ink Pen Road and O’neil Road. Environmental reports were provided, shape files developed for mapping purposes and in some cases onsite mapping and photographing was required to capture environmental relevant features which could potentially affect the approvals process.

Environmental rehabilitation projects focused on private land owners with the delivery of two programs for large and small landowners. The tree subsidy program for larger landowners designed to assist with rehabilitation was totally overhauled and redesigned for the 2019 program. The new approach resulted in a 400% increase in trees purchased with over 5700 tube stock trees purchased.

The second program was developed for small land owners within the town sites of the Shire and encouraged landowners to plant more bee and bird attracting shrubs and small trees. This program also assists the Shire in “greening” the urban environment. The ‘Native Tube Stock Giveaway’ attracted over 100 land owners and 640 shrubs and small trees were given to those that attended. Both programs received positive feedback and will be further promoted in the years to come.



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Bushfire Mitigation & Emergency Services

The Shire of Northam has over 400 Bushfire and SES Volunteers in the Shire. We attended more than 70 fire and related incidents in 2018/19.

Through the Department of Fire and Emergency Services (DFES) Emergency Services Levy (ESL) brigades were provided funding for extra training including having access to the DFES on-road driver training, further enhancing the skills of the volunteers who are actively involved in driving under emergency conditions.

The Bakers Hill BFB will be getting a new purpose built facility courtesy of a successful application for funding through the LGGS, construction is expected to start before the end of 2019.

Staff have through extensive consultation with our volunteers, completed a comprehensive resource to risk assessment of the existing allocation of resourcing within the Shire of Northam, Emergency Service Fleet, and as a result of the in-depth review, have identified several key areas to ensure that resources and capability match the determined risk associated within each brigade fire district. This has enabled efficiencies to be achieved to ensure a more robust capable service to the community.

As a result of the outcomes generated from the R2R, the Wundowie Bush Fire Brigade has been allocated an appliance for the 2019/2020 bushfire season, and Council has created the Northam Central Bush Fire Brigade to operate based on the DFES SWORD model that will assist with greater volunteer capacity across the Shire in support of all incidents.

The Shire of Northam Bush Fire Risk Management Plan has been completed, and endorsed by Council. This has enabled the Shire of Northam to access funding opportunities through the Mitigation Activity Fund, funded by Royalties for Regions to complete mitigation works on reserves that are vested with the Shire of Northam.



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Bushfire Mitigation & Emergency Services (Continued)

Shire of Northam BFB members attended a Rural Urban Interface (RUI) in York in August, and together with over 70 volunteers from across the region and metro area, further developed their skills to assist them with the often dangerous job of fighting wildfire.

Staff are assisting brigades with community engagement strategies and have started the process for the creation of a Shire of Northam Emergency Service Cadet Group, this was an outcome from the R2R process that identified the need to recruit & retain more volunteers, across all services.

The Emergency Services Cadet unit is the only multi discipline cadet unit in WA. It is envisaged that the cadet unit will provide a pathway for youth from 11 years of age to develop into a volunteer organisation of their choice and puts the emphasis on building tomorrow's emergency service volunteers today.



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Engineering Services

Engineering Services is responsible for the construction and maintenance of all Shire owned roads, verges, footpaths, drainage structures, parks, public open spaces, reserves, bridges, parking facilities, and buildings. In addition the portfolio also includes fleet management, cemetery and airport maintenance.

Roads	854 km
Verges	1708 km
Kerbed Drainage	200 km
Piped Drainage	134 km
Footpaths	62 km
Bridges	31 off
Parks / POS	29 off
Buildings	116 off

Works programmed and completed align with Council endorsed asset management plans, Policies and long-term programs. These which encompasses the whole of life principles and sustainability strategies for Transport, Parks and Gardens and Buildings, the following details major asset class works.

Roadworks

A total of \$2,840,703 was expended during the financial year on the following roads throughout the Shire. Within these programs there were a number of roads subsidised by grant funding (*)



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Roadworks (continued)

RESURFACING WORKS
Gregory Street
Glass Ave
Jennapullin Road (*)
Coates Road
Mervyn Street
Cody Street
Foreman Street
Cook Street
Fermoy Street
Keane Street (*)
Mudulla Way

RECONSTRUCTION / WIDENING
Spencers Brook Road (Various Sections *)
Katrine Road
East Street (*)
Byfield Street
Wellington Street (East)
Wellington Street (West)
Charles Street (*)
Balga Terrace
O'Neill Road (*)
Coates Road (*)
Fitzgerald Street
Gordon Street
Selby Street

Drainage and Stormwater Management

WANDRRA Reinstatement Works

Western Australian Natural Disaster Relief and Recovery Arrangements (WANDRRA) declared the following natural disasters which enabled the Shire to seek funding assistance for the reinstatement of damaged assets.

Flooding Event - February 2017 (AGRN 743)

A total of \$ 1,003,000 was expended for the reinstatement of damaged infrastructure caused by the flooding event that occurred in January-February 2017. This reinstatement work was funded through WANDRRA with contracted works addressing reinstatement of drains, shoulders and reconstruction of pavement sections lost due to the flooding. The works were undertaken in the localities of Grass valley, Southern Brook, Muluckine, Jennapulin, Spencer Brook and Bakers Hill.

Storm and Flooding Event 25-26 January 2018 (AGRN 822)

This natural event resulted in damaged infrastructure to roadside drains, road shoulders and road pavement sections. The works were scoped and tendered during the 2018/19 financial year, which will be delivered in 2019/20. An estimated expenditure of \$1,407,630.00 will be spent for the reinstatement of damaged infrastructure under this project.

Bakers Hill Drainage Improvements

With the finalisation of the drainage improvement modelling for various rainfall / drainage catchments within the Bakers Hill area, this year saw improvement works continuing to be delivered. Works involved improving roadside drainage capacity and overland flow paths through private properties on Almond Avenue, Jose Road, St George Street, Carlin Road, Tamma Road.

STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Parks, Playgrounds and Streetscapes

A total of \$1,607,778 was expended throughout the Shire upgrading existing park infrastructure and developing new streetscape environments. Significant works include the following

Northam Youth Precinct – Located on Peel Terrace, this project saw the fruition of extensive community consultation delivering community facilities including a skatepark, nature play area, BBQ's, half-court basketball court, ping pong table, picnic areas, and zip lines.

Gordon Place Redevelopment - This project linked Fitzgerald Street with Minson Avenue, creating a vibrant and social destination point along the Avon River. The works included cobblestone and paved streetscape, with an overhead gantry structure hosting string lighting, as well as select potted street trees and brick planters to accommodate seating and plantings. Removable bollards installed to allow the road closure creating a dedicated environment for future events, social interaction, and entertainment.



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Building Works

Throughout the Shire there were numerous improvement and renewal works to buildings and properties, as well as the initiation of strategies which will result in Shire owned buildings achieving a better energy efficiency rating.

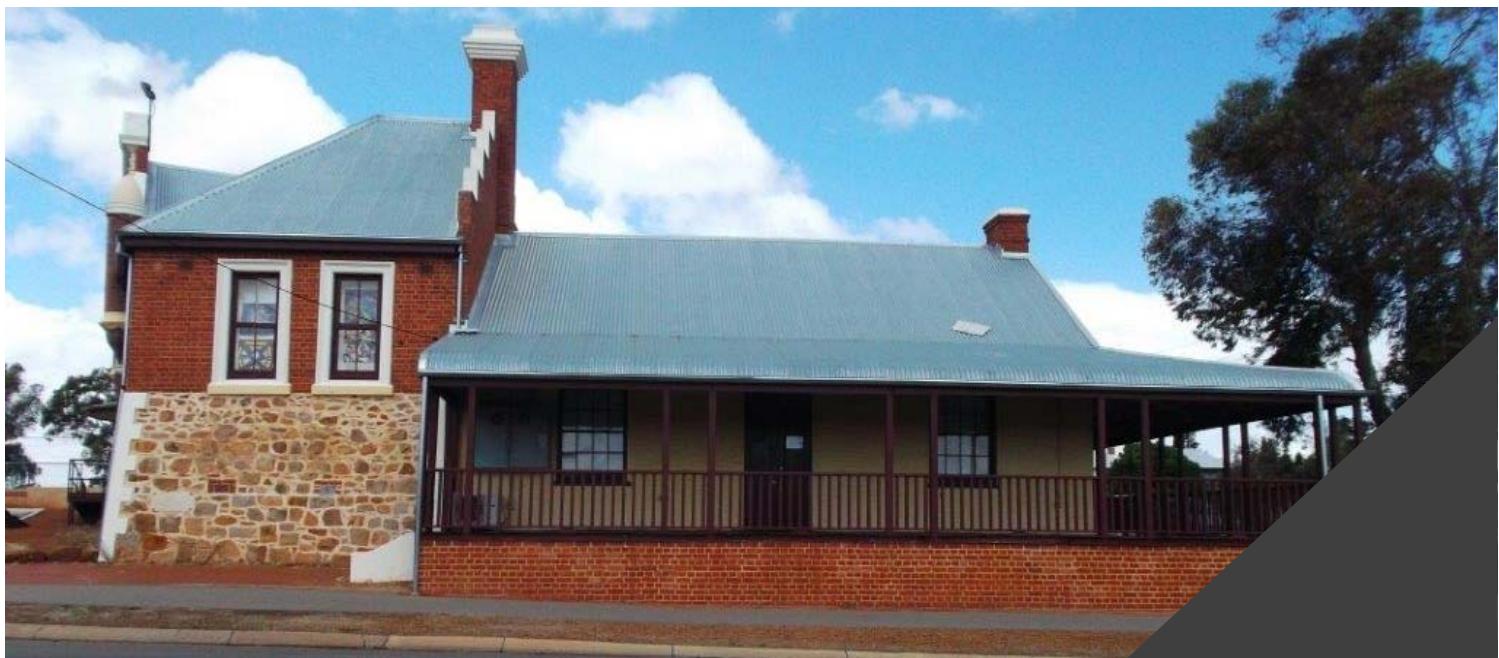
Solar Energy Initiative

The Shire has recognised the importance of implementing environmental and cost saving initiatives where practicable. A solar energy assessment was completed on all powered significant buildings owned by the Shire. This will see the delivery of solar energy installation to numerous buildings across the Shire commencing in 2019/20.



Building Restoration Works

The Shire has a vast number of historic buildings, which have routine and periodic maintenance performed to ensure that they will continue to last for decades to come. This year saw the Northam Town Hall and Old Post Office have foundation repairs, stone and brickwork re-pointing.



STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Ranger Services

Ranger Services primarily encourages and enforces compliance with Local and State Laws with respect to pets and livestock; parking and off road vehicles, and abandoned vehicles; fire hazard reduction; wildlife care and removal referrals; littering; illegal camping and caring for the Northam white swan colony.

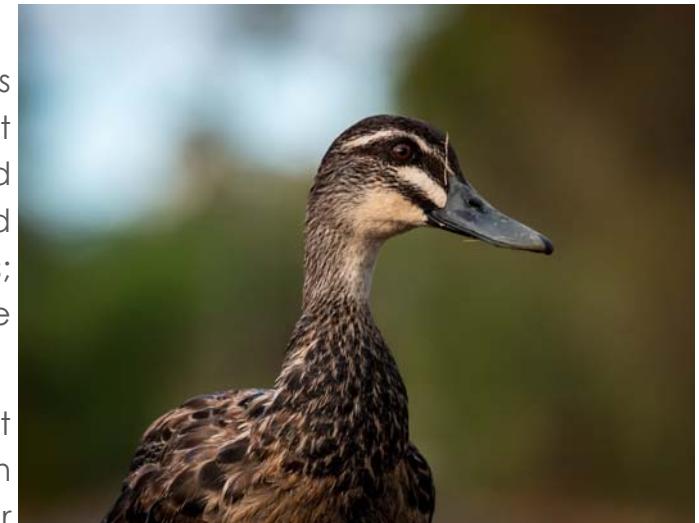
Improvements continue to be experienced in most areas, this is attributed to a greater focus on community education to encourage greater compliance. The rangers continue to implement a wide range of promotional activities designed to ensure messages reach broad cross sections of the community. Council has continued its support for the 'I'm Alert' interactive digital pet ownership learning tool. This is offered as a free service to the community, residents can log into the programme via the Shire's website. The program is presented in an easy to follow, entertaining format that includes the ability for the user to print a certificate upon completion of the program to keep as a record of training completion.

Rangers also provide a range of information sheets and regular compliance information updates distributed via the Shire's internal media and communications channels, posters on community notice boards, local media and advertising whenever appropriate. Our outgoing customer correspondence is also supported by a range of information sheets/brochures. In the field, Rangers give away free Shire of Northam dog leads to encourage 'Dog-on-a-Leash in Public Places' compliance. They also give out colouring books to children when appropriate.

Overall infringement statistics indicate a decrease in issued infringements which then alludes to an increase of compliance by Shire residents this financial year. This is believed to be attributed to the dissemination of information to residents.

We again embrace job shadowing and experience with Central Regional TAFE lecturer Dr. Sak working with Northam Rangers over the previous year gaining on-the-job experience. This knowledge is then applied to the State Ranger Training. TAFE course. This has also helped to engage a cross section of the community.

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



STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Ranger Services (Continued)

The white swan colony has to date one adult breeding pair, producing two babies in October 2018.



Safety Assessment

In line with the Local Government Insurance Services 3 Steps to Safety Program the Shire of Northam underwent an occupational health and safety assessment in May 2019. The Shire scored 72% as a result of the assessment which represented a 5% improvement when compared to the previous assessment in 2016. The next step in this process will involve a safety risk management plan based upon the recommendations of the assessment. All tasks identified will be assigned to relevant staff along with a timeframe for completion. The progress of these actions will be closely monitored by the occupational safety and health committee.

Appointment of Safety Officer

In April 2019 the Shire appointed a dedicated Safety Officer working under the direction of the Human Resources Manager. The prime focuses for this role are to further develop and drive safety practices throughout the organisation and to provide guidance in safety related matters to staff throughout the organisation.

Contractor Inductions

A major focus throughout 2018/2019 has been the development of a contractor induction program for those businesses who provide regular services to the organisation. To kick start the exercise all current contractors were invited to attend an induction workshop in which they were informed of their legislative obligations in relation to safety. Insurers Local Government Insurance Services are in the process of administering an online induction program which can be utilised by Shires throughout the region at a fraction of the cost of administering a program individually.



STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Integrated Workforce Plan

2019 saw the drafting of the revised Integrated Workforce Plan in which gaps between the workforce of today and the human capital needs of tomorrow are identified and addressed. Once approved by Council the utilisation of this plan will enable the organisation to align workforce requirements directly to both the Shire's Corporate Business Plan and the Strategic Community Plan.



Workplace Guidelines

A review of Human Resources and OSH policies and procedures is underway along with a review of the Shire of Northam Workplace Guidelines. It is a priority of the organisation to ensure that all corporate documents are both relevant and utilised by staff.

Staff Training

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. A training matrix is under development whereby the skills and qualifications required for each individual role within the organisation are identified and gaps identified so that staff can be trained or upskilled to meet organisational needs.

Health & Wellbeing

Benefits offered through the health and wellbeing program have been promoted throughout the organisation and also identified during staff inductions. The Shire of Northam is proud of its

health and wellbeing program and the fact that it has been developed through a combination of bulk billing and insurance funding to enable the services to be offered with minimal cost to the Shire. A wide range of benefits are available including confidential counselling, flu immunisations, health checks, skin cancer screening, HBF corporate discount, paraplegic benefit insurance and fitness programs.



STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Council Meetings

Ordinary Council meetings and Council Forums are held monthly in the Shire of Northam Council Chambers. Each year, Council resolves to hold a Forum and Ordinary Council meeting at an external location. In 2018/19 the Forum and Ordinary Council meeting were held at the following external locations:

- September 2018 - Grass Valley Hall
- November 2018 - Quellington Hall
- February 2019 - Bakers Hill Recreation Centre
- May 2019 - Wundowie Hall

The attendances of Council Members at Council Meetings for the 2018/19 financial year are shown in the table below:

Members	Council Forum Meetings Entitled to Attend	Council Forum Meetings Attended	Apologies	Leave of Absence	Ordinary Council Meetings Entitled to Attend	Ordinary Council Meetings Attended	Apologies	Leave of Absence
Cr Christopher Antonio	12	12	0	0	12	12	0	0
Cr Michael Ryan	12	12	0	0	12	11	1	0
Cr Julie Williams	12	11	0	1	12	9	1	2
Cr Chris Davidson	12	2	8	2	12	8	2	2
Cr Robert Tinetti	12	8	2	2	12	10	0	2
Cr Steven Pollard	12	11	1	0	12	12	0	0
Cr Attila Mencshelyi	12	10	0	2	12	10	0	2
Cr Terry Little	12	10	1	1	12	12	0	0
Cr John Proud	12	10	2	0	12	10	2	0
Cr Carl Della	12	11	0	1	12	12	0	0

Members	Special Council Meetings Entitled to	Special Council Meetings Attended	Apologies	Leave of Absence
Cr Christopher Antonio	4	4	0	0
Cr Michael Ryan	4	4	0	0
Cr Julie Williams	4	4	0	0
Cr Chris Davidson	4	4	0	0
Cr Robert Tinetti	4	3	0	1
Cr Steven Pollard	4	4	0	0
Cr Attila Mencshelyi	4	4	0	0
Cr Terry Little	4	4	0	0
Cr John Proud	4	3	1	0
Cr Carl Della	4	4	0	1

STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Members	Strategic Council Meetings Entitled to Attend	Strategic Council Meetings Attended	Apologies	Leave of Absence
Cr Christopher Antonio	4	4	0	0
Cr Michael Ryan	4	2	2	0
Cr Julie Williams	4	4	0	0
Cr Chris Davidson	4	2	2	0
Cr Robert Tinetti	4	2	0	2
Cr Steven Pollard	4	4	0	0
Cr Attila Mencshelyi	4	3	0	1
Cr Terry Little	4	3	1	0
Cr John Proud	4	3	1	0
Cr Carl Della	4	3	1	0

Committees

During 2018/19, Council appointed the following Committees:

- Art Advisory Committee
- Audit Committee
- Bush Fire Advisory Committee (BFAC)
- Chief Executive Officer (CEO) Review Committee
- Local Emergency Management Committee (LEMC)
- Northam Safety Committee
- Reconciliation Action Plan (RAP) Working Group

The attendances of Council Members at Committee Meetings for the 2018/19 financial year are shown in the following tables:

Members	Art Advisory Committee Entitled to Attend	Art Advisory Committee Meetings Attended	Apologies	Leave of Absence
Cr Christopher Antonio	0	0	0	0
Cr Michael Ryan	5	3	2	0
Cr Julie Williams	5	4	0	1
Cr Chris Davidson	0	0	0	0
Cr Robert Tinetti	0	0	0	0
Cr Steven Pollard	5	5	0	0
Cr Attila Mencshelyi	0	0	0	0
Cr Terry Little	0	0	0	0
Cr John Proud	0	0	0	0
Cr Carl Della	0	0	0	0

STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Members	Audit Committee Entitled to Attend	Audit Committee Meetings Attended	Apologies	Leave of Absence	BFAC Entitled to Attend	BFAC Meetings Attended	Apologies	Leave of Absence
Cr Christopher Antonio	3	3	0	0	0	0	0	0
Cr Michael Ryan	0	0	0	0	0	0	0	0
Cr Julie Williams	0	0	0	0	0	0	0	0
Cr Chris Davidson	3	0	3	0	0	0	0	0
Cr Robert Tinetti	0	0	0	0	0	0	0	0
Cr Steven Pollard	0	0	0	0	0	0	0	0
Cr Attila Mencshelyi	3	3	0	0	0	0	0	0
Cr Terry Little	0	0	0	0	4	1	3	0
Cr John Proud	3	2	1	0	0	0	0	0
Cr Carl Della	0	0	0	0	4	3	1	0

Members	CEO Review Committee Entitled to Attend	CEO Review Committee Meetings Attended	Apologies	Leave of Absence	LEMC Entitled to Attend	LEMC Meetings Attended	Apologies	Leave of Absence
Cr Christopher Antonio	6	6	0	0	2	2	0	0
Cr Michael Ryan	6	3	3	0	0	0	0	0
Cr Julie Williams	0	0	0	0	0	0	0	0
Cr Chris Davidson	0	0	0	0	0	0	0	0
Cr Robert Tinetti	6	2	2	2	0	0	0	0
Cr Steven Pollard	0	0	0	0	0 (proxy)	0	0	0
Cr Attila Mencshelyi	6	6	0	0	0	0	0	0
Cr Terry Little	0	0	0	0	0	0	0	0
Cr John Proud	6	4	2	0	0	0	0	0
Cr Carl Della	0	0	0	0	0	0	0	0

Members	Northam Safety Committee Entitled to Attend	Northam Safety Committee Meetings Attended	Apologies	Leave of Absence	RAP Working Group Entitled to Attend	RAP Working Group Meetings Attended	Apologies	Leave of Absence
Cr Christopher Antonio	0	0	0	0	2	1	1	0
Cr Michael Ryan	4	1	3	0	2	1	1	0
Cr Julie Williams	4	4	0	0	0	0	0	0
Cr Chris Davidson	0	0	0	0	0	0	0	0
Cr Robert Tinetti	4	0	3	1	0	0	0	0
Cr Steven Pollard	0	0	0	0	0	0	0	0
Cr Attila Mencshelyi	0	0	0	0	2	2	0	0
Cr Terry Little	0	0	0	0	0	0	0	0
Cr John Proud	0	0	0	0	0	0	0	0
Cr Carl Della	0	0	0	0	0	0	0	0

AWARDS & RECOGNITION

Shire of Northam Awards

- Perth Airport Tourism Awards
- Silver Award for Excellence in Local Government Tourism at the WA Tourism Awards
- National Award for Local Government – Promoting Indigenous Recognition Award (Highly commended)
- 2019 Finalist in Tidy Towns – Sustainable Communities

Banners in the Terrace

This year Bakers Hill Primary School submitted an entry for Showcase in Pixels (formally Banners in the Terrace). The competition changed format and location this year, with digital images of artworks being displayed on the tower at Yagan Square, allowing for greater creativity with artworks no longer being restricted by the PVC canvas. Bakers Hill Primary school unleashed their creativity for a practical purpose and painted the skate ramp relocated from the old Northam Skate Park. The artwork was photographed and displayed on the digital tower screen of Yagan Square between 29 July to 11 August 2019.



STATUTORY REPORTS

Disability Access and Inclusion

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

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

- DAIP available on our website. A review was undertaken of the Shire of Northam Disability Access & Inclusion Plan (DAIP) 2014 – 2018 with a full report being provided to the Department of Communities. Following community consultation the DAIP was updated and Shire of Northam Disability Access & Inclusion Plan 2018 – 2023 was endorsed by Council;
- Confirmed our facilities meet the standard required;
- Improved Shire of Northam staff understanding of how to assist the public to obtain information in other formats; and
- Ongoing community consultation with key stakeholders to guide access and inclusion improvements.



Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992 the Shire is required to publish an Information Statement annually which details the process of applying for information under the Act, as well as information that the Shire provides outside of the Act. This document is available from the Shire of Northam Administration Centre or the [Shire of Northam website](#).

During 2018/19 the Shire received 2 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 regulations please visit the State Law Publisher website at www.slp.wa.gov.au where a full copy of all State Legislation is available.

Further information about Freedom of Information can also be found on the [Freedom of Information Commissioner's website](#).

STATUTORY REPORTS (CONTINUED)

Employee Remuneration

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

Salary Band	No of Employees
\$100,000 - \$109,000	
\$110,000 - \$119,000	1
\$120,000 - \$129,000	
\$130,000 - \$139,000	2
\$140,000 - \$149,000	1
\$150,000 - \$159,000	
\$160,000 - \$169,000	1
\$170,000 - \$179,000	
\$180,000 - \$189,000	
\$190,000 - \$199,000	
\$200,000 - \$209,000	
\$210,000 - \$219,000	
\$220,000 - \$229,000	
\$230,000 - \$239,000	1
\$240,000 - \$249,000	

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 2018/19 the Shire of Northam reviewed eight (8) Local Laws which have been Gazetted and a further five (5) Local Laws should be Gazetted in the 2019/20 financial year bringing to a close the eight (8) year review.

National Competition Policy

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

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

Competitive Neutrality

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

STATUTORY REPORTS (CONTINUED)

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 ©

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 organisations 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 last reviewed on 14 May 2019 and approved by the State records Commission on 2 July 2019.

Modifications to the Strategic Community Plan and Corporate Business Plan

In 2018/19, the Corporate Business Plan was subject to a minor review and the 2018/19 Plan was endorsed by Council on 15 August 2018. The adjustments made to the 2018/19 Corporate Business Plan fall into the following categories:

- Adjustment to areas of responsibility/accountability resulting from staff structure adjustments and realignment;
- Addition of 2020/21 year and associated actions;
- Adjustment to project management framework;
- Addition of actions which are to be undertaken in accordance with endorsed plan / strategies of Council.

MONITORING & REPORTING

Human Resources

Performance Area	Key Performance Indicator	Formula	Target	2018/19 Actual	2017/18 Actual	2016/17 Actual
Safe Working Environment						
Workplace Safety	Lost Time Injury Frequency Rate	Number of lost time injuries x 1,000,000 Total hours worked	<15	25.6	5.1	20.4
Occupational Health and Safety Management						
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%	72%	80% (est)	67%
Appropriately Skilled Workforce						
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%	56%	Not measured	N/A
Retention of Valued Staff						
Staff Turnover	Staff turnover rate	Number of staff separations* Total number of staff (less casual and Council instigated)	<20%	16%	24%	14%

MONITORING & REPORTING

Financial Management

Performance Area	Key Performance Indicator	Formula	Target	2018/19 Actual	2017/18 Actual	2016/17 Actual
Budget Management	Percentage variance in actual year to date expenditure operating versus budgeted expenditure	Actual Expenditure – Budgeted Expenditure x 100 Budgeted Expenditure	<10%	-3.00	-1.4%	-3.35%
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	(Current Assets MINUS Restricted Assets) (Current Liabilities MINUS Liabilities Associated with Restricted Assets)	1:1 (100% or greater)	176%	229%	289%
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	14.45	12.23	16.90

MONITORING & REPORTING

Governance

Performance Area	Key Performance Indicator	Formula	Target	2018/19 Actual	2017/18 Actual	2016/17 Actual
Corporate Plan Achievement	Percentage of identified Corporate Actions achieved	Corporate Actions undertaken in current year Total Number of Corporate Actions	100%	92% Completed	93% Completed	93% Commenced 64% Completed 6% not Commenced
Project Delivery	Percentage of Major Projects delivered	Number of Major Projects Delivered in current year Total Number of Major Projects Identified in Corporate Plan	100%	100 % Commenced 100% Completed	63 % commenced, not completed 37% Completed	54% Commenced 15% Completed 31% Not Commenced

MONITORING & REPORTING

Compliance

Performance Area	Key Performance Indicator	Formula	Target	2018/19 Actual	2017/18 Actual	2016/17 Actual
Statutory Planning						
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 ≤20 working days Certified <10working	5.68 days 5.19 days 3.97 days	7.01 days 3.88 days	8.71 days
Development Application Processing	Average Development Application processing times	Total days to process development applications 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	≤30 days (delegated decisions) ≤40 days (non-delegated decisions)	34 days 91 days	22.6 days 41.9 days	15 days 37.8 days
Local Government Compliance						
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	# of Audit elements complied with x 100 Total number Audit elements Compliance audit for the period 1st January to 31st December against the requirements of the	≥90%	Not available until March 2020	98.72%	100%

**SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

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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 2019**

*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 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Northam at 30 June 2019 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 4th day of December 2019



CHADD HUNT
Acting Chief Executive Officer

SHIRE OF NORTHAM
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019	2019	2018
		Actual	Budget	Actual
		\$	\$	\$
Revenue				
Rates	24(a)	10,284,644	10,109,614	9,616,368
Operating grants, subsidies and contributions	2(a)	5,906,081	4,379,720	5,419,200
Fees and charges	2(a)	3,721,822	3,964,894	3,602,255
Interest earnings	2(a)	423,101	391,500	399,214
Other revenue	2(a)	755,087	751,571	829,845
		21,090,735	19,597,299	19,866,882
Expenses				
Employee costs		(8,672,875)	(8,083,630)	(8,009,476)
Materials and contracts		(5,269,554)	(6,531,974)	(5,460,999)
Utility charges		(979,358)	(952,576)	(1,016,244)
Depreciation on non-current assets	11(b)	(4,180,155)	(4,363,387)	(4,245,898)
Interest expenses	2(b)	(131,437)	(133,094)	(144,292)
Insurance expenses		(504,551)	(475,846)	(449,755)
Other expenditure		(364,477)	(184,609)	(288,688)
		(20,102,407)	(20,725,116)	(19,615,352)
		988,328	(1,127,817)	251,530
Non-operating grants, subsidies and contributions	2(a)	17,819,568	7,223,845	4,534,499
Profit on asset disposals	11(a)	33,146	84,234	43,109
(Loss) on asset disposals	11(a)	(360,094)	(160,082)	(135,426)
Fair value adjustments to financial assets at fair value through profit or loss	8(b)	210,205	0	0
		17,702,825	7,147,997	4,442,182
Net result for the period		18,691,153	6,020,180	4,693,712
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(7,309,692)
Total other comprehensive income for the period		0	0	(7,309,692)
Total comprehensive income for the period		18,691,153	6,020,180	(2,615,980)

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

SHIRE OF NORTHAM
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
Revenue	2(a)			
Governance		80,939	35,400	74,973
General purpose funding		14,143,683	12,304,090	13,418,818
Law, order, public safety		493,351	646,108	463,593
Health		62,310	81,000	57,330
Education and welfare		1,253,200	1,291,387	1,315,874
Housing		51,619	44,568	48,041
Community amenities		2,583,699	2,626,194	2,612,903
Recreation and culture		343,596	408,753	424,002
Transport		1,406,905	1,403,196	866,918
Economic services		483,401	696,403	479,429
Other property and services		188,032	60,200	105,001
		21,090,735	19,597,299	19,866,882
Expenses	2(b)			
Governance		(1,291,821)	(1,306,014)	(1,308,666)
General purpose funding		(362,145)	(282,705)	(275,814)
Law, order, public safety		(1,332,894)	(1,265,540)	(1,269,806)
Health		(269,762)	(299,775)	(271,273)
Education and welfare		(1,332,506)	(1,368,890)	(1,275,209)
Housing		(61,266)	(74,259)	(82,585)
Community amenities		(3,192,512)	(3,460,527)	(3,175,361)
Recreation and culture		(4,213,486)	(4,523,552)	(4,210,531)
Transport		(5,309,523)	(5,343,733)	(5,395,965)
Economic services		(2,463,838)	(2,639,885)	(2,037,370)
Other property and services		(141,217)	(27,142)	(168,480)
		(19,970,970)	(20,592,022)	(19,471,060)
Finance Costs	2(b)			
Recreation and culture		(82,105)	(83,368)	(91,838)
Transport		0	0	(673)
Economic services		(49,332)	(49,726)	(51,781)
		(131,437)	(133,094)	(144,292)
		988,328	(1,127,817)	251,530
Non-operating grants, subsidies and contributions	2(a)	17,819,568	7,223,845	4,534,499
Profit on disposal of assets	11(a)	33,146	84,234	43,109
(Loss) on disposal of assets	11(a)	(360,094)	(160,082)	(135,426)
Fair value adjustments to financial assets at fair value through profit or loss	8(b)	210,205	0	0
		17,702,825	7,147,997	4,442,182
Net result for the period		18,691,153	6,020,180	4,693,712
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(7,309,692)
Total other comprehensive income for the period		0	0	(7,309,692)
Total comprehensive income for the period		18,691,153	6,020,180	(2,615,980)

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

SHIRE OF NORTHAM
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019	2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	8,123,774	9,699,752
Trade receivables	5	3,308,497	3,408,443
Other financial assets	8(a)	15,758	16,818
Inventories	6	0	1,224
Other current assets	7	1,933,962	71,474
TOTAL CURRENT ASSETS		13,381,991	13,197,711
NON-CURRENT ASSETS			
Trade receivables	5	403,701	408,638
Other financial assets	8(b)	360,723	174,553
Property, plant and equipment	9	60,053,216	60,157,628
Infrastructure	10	160,465,459	139,487,644
TOTAL NON-CURRENT ASSETS		221,283,099	200,228,463
TOTAL ASSETS		234,665,090	213,426,174
CURRENT LIABILITIES			
Trade and other payables	13	3,658,158	1,698,187
Borrowings	14(b)	279,985	224,381
Employee related provisions	15	1,207,425	1,064,296
TOTAL CURRENT LIABILITIES		5,145,568	2,986,864
NON-CURRENT LIABILITIES			
Borrowings	14(b)	2,000,696	1,783,681
Employee related provisions	15	222,810	271,813
Trade and other payables	13	221,047	0
TOTAL NON-CURRENT LIABILITIES		2,444,553	2,055,494
TOTAL LIABILITIES		7,590,121	5,042,358
NET ASSETS		227,074,969	208,383,816
EQUITY			
Retained surplus		108,080,070	88,280,094
Reserves - cash backed	4	5,015,888	6,124,711
Revaluation surplus	12	113,979,011	113,979,011
TOTAL EQUITY		227,074,969	208,383,816

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

SHIRE OF NORTHAM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RESERVES			TOTAL EQUITY
		RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	
		\$	\$	\$	\$
Balance as at 1 July 2017		84,238,304	5,472,789	121,288,703	210,999,796
Comprehensive income					
Net result for the period		4,693,712		0	4,693,712
Other comprehensive income	12	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
Balance as at 30 June 2018		88,280,094	6,124,711	113,979,011	208,383,816
Comprehensive income					
Net result for the period		18,691,153		0	18,691,153
Total comprehensive income		18,691,153	0	0	18,691,153
Transfers from/(to) reserves		1,108,823	(1,108,823)	0	0
Balance as at 30 June 2019		108,080,070	5,015,888	113,979,011	227,074,969

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

SHIRE OF NORTHAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

NOTE	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	9,996,812	10,168,291	9,448,759
Operating grants, subsidies and contributions	4,884,372	4,579,720	4,388,585
Fees and charges	4,553,204	5,142,201	3,602,255
Interest received	423,101	391,500	399,214
Goods and services tax received	0	300,000	82,945
Other revenue	480,411	751,571	829,845
	20,337,900	21,333,283	18,751,603
Payments			
Employee costs	(8,564,061)	(8,063,630)	(7,985,164)
Materials and contracts	(3,935,406)	(5,931,974)	(5,262,536)
Utility charges	(979,358)	(952,576)	(1,016,244)
Interest expenses	(133,822)	(133,094)	(148,683)
Insurance paid	(504,551)	(475,846)	(449,755)
Goods and services tax paid	(168,977)	(300,000)	0
Other expenditure	(364,479)	(184,609)	(288,688)
	(14,650,654)	(16,041,729)	(15,151,070)
Net cash provided by (used in) operating activities	16	5,687,246	3,600,533
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	(1,975,725)	(3,627,616)	(5,640,235)
Payments for construction of infrastructure	(10,894,955)	(17,616,432)	(4,806,690)
Non-operating grants, subsidies and contributions	5,019,568	7,223,845	4,534,499
Proceeds from self supporting loans	25,096	25,095	24,075
Proceeds from sale of property, plant & equipment	290,174	450,113	514,634
Net cash provided by (used in) investment activities		(7,535,842)	(13,544,995)
			(5,373,717)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	(227,382)	(227,382)	(227,610)
Proceeds from new borrowings	500,000	2,900,000	0
Net cash provided by (used in) financing activities		272,618	2,672,618
			(227,610)
Net increase (decrease) in cash held		(1,575,978)	(5,580,823)
Cash at beginning of year	9,699,752	9,705,222	11,700,546
Cash and cash equivalents at the end of the year	16	8,123,774	4,124,399
			9,699,752

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

SHIRE OF NORTHAM
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

NOTE	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	25 (b)	4,962,863	5,448,818
		4,962,863	5,448,818
Revenue from operating activities (excluding rates)			
Governance		291,144	35,400
General purpose funding		4,153,662	2,210,101
Law, order, public safety		493,351	670,214
Health		62,310	81,000
Education and welfare		1,286,346	1,379,009
Housing		51,619	44,568
Community amenities		2,583,699	2,670,392
Recreation and culture		343,596	408,753
Transport		1,406,904	1,413,739
Economic services		483,401	696,402
Other property and services		188,032	60,200
		11,344,064	9,669,778
Expenditure from operating activities			
Governance		(1,295,414)	(1,306,014)
General purpose funding		(362,145)	(283,705)
Law, order, public safety		(1,334,026)	(1,277,593)
Health		(269,762)	(299,775)
Education and welfare		(1,346,746)	(1,415,923)
Housing		(61,266)	(74,259)
Community amenities		(3,226,512)	(3,482,626)
Recreation and culture		(4,397,312)	(4,606,920)
Transport		(5,481,333)	(5,504,864)
Economic services		(2,546,764)	(2,689,611)
Other property and services		(141,218)	(27,141)
		(20,462,498)	(20,968,431)
Non-cash amounts excluded from operating activities	25(a)	4,482,509	4,439,235
Amount attributable to operating activities		326,938	(1,410,600)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions		5,019,568	4,534,499
Proceeds from disposal of assets	11(a)	290,174	450,113
Proceeds from self supporting loans	14(b)	25,096	25,095
Purchase of property, plant and equipment	9(a)	(1,975,725)	(3,627,616)
Purchase and construction of infrastructure	10(a)	(10,894,955)	(17,616,432)
Amount attributable to investing activities		(7,535,842)	(13,544,995)
FINANCING ACTIVITIES			
Repayment of borrowings	14(b)	(227,382)	(227,610)
Proceeds from borrowings	14(c)	500,000	2,900,000
Transfers to reserves (restricted assets)	4	(678,099)	(1,029,767)
Transfers from reserves (restricted assets)	4	1,786,922	3,217,755
Amount attributable to financing activities		1,381,441	4,860,606
Surplus/(deficit) before imposition of general rates		(5,827,463)	(10,094,989)
Total amount raised from general rates	24	9,990,021	10,094,989
Surplus/(deficit) after imposition of general rates	25(b)	4,162,558	0

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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 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 27 to these financial statements.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	0	4,000	0
General purpose funding	3,375,216	1,646,848	3,284,568
Law, order, public safety	258,532	160,204	197,682
Education and welfare	1,123,412	1,103,357	1,162,127
Recreation and culture	8,921	30,000	89,150
Transport	1,138,000	1,397,211	608,953
Economic services	2,000	38,100	76,720
	5,906,081	4,379,720	5,419,200
Non-operating grants, subsidies and contributions			
Law, order, public safety	402,784	742,719	45,791
Community amenities	310,000	0	0
Recreation and culture	3,636,508	5,786,000	3,507,900
Transport	13,450,986	695,126	976,808
Economic services	19,290	0	4,000
	17,819,568	7,223,845	4,534,499
Total grants, subsidies and contributions	23,725,649	11,603,565	9,953,699

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 23. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
(a) Revenue (Continued)			
Significant revenue			
General Purpose Funding FAGs Grant (note (i))	1,738,569	0	1,749,433
Mainroads Newcastle Bridge Handover (note(ii))	12,800,000	0	0
(i) The significant revenue in 2019 relates to the prepayment of the first installment of the Financial Assistance Grant for the 2019/2020 year.			
(ii) Mainroads completed the maintenance of the Newcastle Road Bridge then handed it back to the Shire of Northam at no cost to the Shire. On completion, the Bridge was revalued at \$ 12.8m by external valuer during the year 2018/19.			
Other revenue			
Reimbursements and recoveries	589,098	470,643	437,454
Other	165,989	280,928	392,391
	755,087	751,571	829,845
Fees and Charges			
Governance	2	300	0
General purpose funding	67,067	79,000	73,190
Law, order, public safety	62,254	61,587	76,656
Health	33,810	36,000	28,304
Education and welfare	121,826	183,500	62,103
Housing	51,033	44,000	47,460
Community amenities	2,566,700	2,610,793	2,555,755
Recreation and culture	315,019	311,270	313,775
Transport	102,889	105,896	87,171
Economic services	399,944	522,548	348,895
Other property and services	1,278	10,000	8,946
	3,721,822	3,964,894	3,602,255
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Loans receivable - clubs/institutions	7,351	7,494	8,548
Reserve accounts interest	123,904	117,230	125,404
Rates instalment and penalty interest (refer Note 24)	247,946	172,500	179,826
Other interest earnings	43,900	94,276	85,436
	423,101	391,500	399,214
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	12,312	22,028	26,930
- Other services	23,758	27,622	24,239
	36,070	49,650	51,169
The audit fee expensed in the current financial year relates to 50% of the cost for the 17/18 Annual Financial Report. The audit was carried out by Moore Stephens. The 18/19 audit is being undertaken by the Office of the Auditor General. The indicative cost for the service is \$47,000.			
Interest expenses (finance costs)			
Borrowings (refer Note 14(b))	131,437	133,094	144,292
Rental charges			
- Operating leases	13,008	13,008	13,008

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

3. CASH AND CASH EQUIVALENTS	NOTE	2019	2018
		\$	\$
Cash at bank and on hand		1,950,382	2,949,435
Term deposits		6,173,392	6,750,317
		8,123,774	9,699,752
Comprises:			
- Unrestricted cash and cash equivalents		1,983,523	2,388,385
- Restricted cash and cash equivalents		6,140,251	7,311,367
		8,123,774	9,699,752
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Leave Reserve	4	427,796	419,166
Aged accommodation reserve	4	227,404	217,917
Housing reserve	4	265,508	260,151
Office equipment reserve	4	74,735	101,474
Plant & Equipment reserve	4	126,838	110,155
Road and bridgework reserve	4	89,498	77,894
Refuse site reserve	4	627,553	477,717
Regional development reserve	4	73,600	91,711
Speedway reserve	4	147,601	144,623
Community bus replacement reserve	4	2,414	63,115
Septage pond reserve	4	267,085	191,911
Killara reserve	4	276,579	375,985
Stormwater drainage projects reserve	4	33,593	129,415
Rec and Community Facilities Res	4	584,377	1,813,462
Administration office reserve	4	685,802	692,795
Council building & amenities reserve	4	348,744	308,807
River town pool dredging reserve	4	360,240	303,982
Parking facilities reserve	4	216,138	211,778
Art collection reserve	4	23,205	22,737
Reticulation scheme reserve	4	80,662	69,237
Election reserve	4	15,165	162
Revaluation reserve	4	61,351	40,517
		5,015,888	6,124,711
Other restricted cash and cash equivalents			
Unspent grants/contributions	23	292,981	1,186,656
Customer bonds and deposits held	13	831,382	0
		6,140,251	7,311,367

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 with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer	2019 Actual Transfer	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer	2019 Budget Transfer	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer	2018 Actual Transfer	2018 Actual Closing Balance
(a) Leave Reserve	\$ 419,166	\$ 8,630	\$ 0	\$ 427,796	\$ 418,145	\$ 8,196	\$ 0	\$ 426,341	\$ 455,441	\$ 10,971	\$ (47,246)	\$ 419,166
(b) Aged accommodation reserve	217,917	9,487	0	227,404	217,338	9,260	0	226,598	226,123	10,794	(19,000)	217,917
(c) Housing reserve	260,151	5,357	0	265,508	259,499	5,086	0	264,585	253,650	6,501	0	260,151
(d) Office equipment reserve	101,474	3,261	(30,000)	74,735	101,066	1,981	(72,276)	30,771	97,417	4,057	0	101,474
(e) Plant & Equipment reserve	110,155	16,683	0	126,838	109,878	332,154	(315,584)	126,448	285,082	4,638	(179,565)	110,155
(g) Road and bridgework reserve	77,894	11,604	0	89,498	77,723	11,523	0	89,246	66,196	11,698	0	77,894
(h) Refuse site reserve	477,717	149,836	0	627,553	476,794	189,345	0	666,139	353,969	123,748	0	477,717
(i) Regional development reserve	91,711	1,889	(20,000)	73,600	91,481	1,793	(80,000)	13,274	89,419	2,292	0	91,711
(j) Speedway reserve	144,623	2,978	0	147,601	144,261	2,828	0	147,089	141,009	3,614	0	144,623
(k) Community bus replacement reserve	63,115	1,299	(62,000)	2,414	63,105	1,433	(62,000)	2,538	52,534	10,581	0	63,115
(l) Septage pond reserve	191,911	75,174	0	267,085	191,430	74,975	0	266,405	312,287	6,124	(126,500)	191,911
(m) Killara reserve	375,985	11,741	(111,147)	276,579	375,484	11,360	(124,167)	262,677	236,719	139,266	0	375,985
(n) Stormwater drainage projects reserve	129,415	4,178	(100,000)	33,593	129,330	2,535	(100,000)	31,865	28,669	100,746	0	129,415
(o) Rec and Community Facilities Res	1,813,462	192,690	(1,421,775)	584,377	1,809,999	194,441	(1,886,228)	118,212	1,583,981	450,997	(221,516)	1,813,462
(p) Administration office reserve	692,795	13,007	(20,000)	685,802	691,211	13,548	(337,500)	367,259	677,002	15,793	0	692,795
(q) Council building & amenities reserve	308,807	61,937	(22,000)	348,744	308,750	61,631	(175,000)	195,381	8,778	342,044	(42,015)	308,807
(r) River town pool dredging reserve	303,982	56,258	0	360,240	303,220	55,945	0	359,165	296,385	7,597	0	303,982
(s) Parking facilities reserve	211,778	4,360	0	216,138	211,280	4,147	(65,000)	150,427	193,200	58,578	(40,000)	211,778
(t) Art collection reserve	22,737	468	0	23,205	22,680	445	0	23,125	22,169	568	0	22,737
(u) Reticulation scheme reserve	69,237	11,425	0	80,662	69,088	11,345	0	80,433	57,756	11,481	0	69,237
(v) Election reserve	162	15,003	0	15,165	163	15,003	0	15,166	15,001	161	(15,000)	162
(w) Revaluation reserve	40,517	20,834	0	61,351	40,463	20,793	0	61,256	20,002	20,515	0	40,517
	6,124,711	678,099	(1,786,922)	5,015,888	6,112,388	1,029,767	(3,217,755)	3,924,399	5,472,789	1,342,764	(690,842)	6,124,711

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

4 RESERVES CASH BACKED (CONTINUED)

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) 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.
(b) 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.
(c) 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.
(d) Office equipment reserve	Ongoing	For the acquisition and upgrading of Council offices, furniture, computers and general equipment.
(e) 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.
(f) 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.
(g) 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.
(h) 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.
(i) 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.
(j) 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.
(k) 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.
(l) 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.
(m) 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.
(n) 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.
(o) 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.
(p) 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.
(q) 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.
(r) 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.
(s) 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.
(t) 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.
(u) Election reserve	Ongoing	Provision for the biannual Elections of Council.
(v) Revaluation reserve	Ongoing	Provision for the 4 yearly revaluation of the Shires GRV properties.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

5. TRADE RECEIVABLES

	2019	2018
	\$	\$
Current		
Rates receivable	2,281,144	1,991,506
Sundry receivables	912,852	1,458,764
Allowance for impairment of receivables	(73,942)	(54,954)
Allowance for impairment of rates	(83,673)	(82,470)
GST receivable	272,116	95,597
	3,308,497	3,408,443
Non-current		
Pensioner's rates and ESL deferred	403,701	408,638
	403,701	408,638

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectable were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

6. INVENTORIES

	2019	2018
	\$	\$
Current		
Fuel	0	1,224
	0	1,224
Carrying amount at 1 July	1,224	1,224
Inventory expensed during the year	(1,224)	0
Carrying amount at 30 June	0	1,224

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventory expensed during the year

Carrying amount at 30 June

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.

7. OTHER CURRENT ASSETS

	2019	2018
	\$	\$
Other current assets		
Accrued Revenue	1,933,962	71,474
	1,933,962	71,474

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

8. OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost

- Financial assets at amortised cost - self supporting loans

2019	2018
\$	\$
15,758	16,818
15,758	16,818

(b) Non-current assets

Other financial assets at amortised cost

- Financial assets at amortised cost - self supporting loans

150,518	174,553
210,205	0
360,723	174,553

The 2018/2019 financial year was the first year the investment in Local Government House Trust Units were recognised in the Shire's Financial Report.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 26

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 28 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

8 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 - vested in and under the control of Council		Buildings - non specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress BKB	Bushfire Equipment	Total property, plant and equipment	
	Land - freehold land	Total land										
Balance at 1 July 2017	12,628,791	1,937,674	14,566,465	3,674,748	30,913,802	34,588,550	49,155,015	154,644	4,000,102	1,154,882	1,675,431	56,140,074
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)	(306,891)	0	(306,891)	0	0	0	(306,891)	0	(300,060)	0	0	(606,951)
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)	0	(141,978)	(1,197,310)
Transfers	0	0	0		1,154,882	1,154,882	1,154,882	6,250	0	(1,154,882)	0	6,250
Carrying amount at 30 June 2018	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
Comprises:												
Gross carrying amount at 30 June 2018	12,321,900	1,937,674	14,259,574	3,932,629	36,082,590	40,015,219	54,274,793	1,050,541	4,566,382	0	1,802,864	61,694,580
Accumulated depreciation at 30 June 2018	0	0	0	(80,478)	(612,092)	(692,570)	(692,570)	(57,917)	(517,054)	0	(269,411)	(1,536,952)
Accumulated impairment loss at 30 June 2018	0	0	0	0	0	0	0	0	0	0	0	0
Carrying amount at 30 June 2018	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
 Additions	 0	 0	 0	 18,961	 420,403	 439,364	 439,364	 357,429	 1,178,932	 0	 0	 1,975,725
(Disposals)	(80,500)	0	(80,500)	0	0	0	(80,500)	0	(376,878)	0	0	(457,378)
Written off under \$5000	(28,700)	0	(28,700)	0	(16,277)	(16,277)	(44,977)	(40,837)	(13,130)	0	0	(98,944)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation (expense)	0	0	0	(86,692)	(691,619)	(778,311)	(778,311)	(202,131)	(400,614)	0	(142,759)	(1,523,815)
Carrying amount at 30 June 2019	12,212,700	1,937,674	14,150,374	3,784,420	35,183,005	38,967,425	53,117,799	1,107,085	4,437,638	0	1,390,694	60,053,216
 Comprises:	 	 	 	 	 	 	 	 	 	 	 	
Gross carrying amount at 30 June 2019	12,212,700	1,937,674	14,150,374	3,951,591	36,485,968	40,437,559	54,587,933	1,365,493	5,326,306	0	1,799,709	63,079,441
Accumulated depreciation at 30 June 2019	0	0	0	(167,171)	(1,302,963)	(1,470,134)	(1,470,134)	(258,408)	(888,668)	0	(409,015)	(3,026,225)
Carrying amount at 30 June 2019	12,212,700	1,937,674	14,150,374	3,784,420	35,183,005	38,967,425	53,117,799	1,107,085	4,437,638	0	1,390,694	60,053,216

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
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	Market price per item
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
Furniture and equipment					
- Management valuation 2016	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
Plant and equipment					
- Management valuation 2016	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
- Management valuation 2016	2	Market approach using recent observable market data for similar assets	Management valuation	June 2016	Market price per item
Bushfire Equipment					
- Management valuation 2016	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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

10. INFRASTRUCTURE

(a) 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 Aerodrome	Infrastructure Work in Progress	Total Infrastructure
Balance at 1 July 2017	\$ 91,495,125	\$ 4,724,294	\$ 6,636,184	\$ 462,352	\$ 9,360,966	\$ 593,195	\$ 31,006,725	\$ 941,973	\$ 0	\$ 145,220,814
Additions	2,500,855	162,280	1,538,754	0	336,638	37,812	0	45,600	184,751	4,806,690
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	0	0	(6,250)	0	0	0	(6,250)
Carrying amount at 30 June 2018	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
Comprises:										
Gross carrying amount at 30 June 2018	85,887,179	4,906,222	10,173,915	503,124	8,540,806	243,835	30,362,104	1,051,675	184,751	141,853,611
Accumulated depreciation at 30 June 2018	(1,619,270)	(155,761)	(79,113)	(64,224)	(597,606)	(28,435)	(423,604)	(80,575)	0	(3,048,588)
Accumulated impairment loss at 30 June 2018	682,621	0	0	0	0	0	0	0	0	682,621
Carrying amount at 30 June 2018	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
 Additions	 2,959,309	 303,729	 1,405,266	 0	 606,002	 181,235	 12,800,000	 52,196	 5,387,218	 23,694,955
 (Disposals)	 0	 0	 0	 0	 0	 0	 0	 0	 0	 0
 Written off under \$5,000	 0	 0	 0	 (7,200)	 (16,000)	 (34,000)	 0	 (3,600)	 0	 (60,800)
 Depreciation (expense)	 (1,380,912)	 (148,214)	 (118,109)	 (46,099)	 (443,719)	 (1,417)	 (453,054)	 (64,816)	 0	 (2,656,340)
Carrying amount at 30 June 2019	86,528,927	4,905,976	11,381,959	385,601	8,089,483	361,218	42,285,446	954,880	5,571,969	160,465,459
 Comprises:										
Gross carrying amount at 30 June 2019	87,909,839	5,054,190	11,500,068	431,700	8,533,203	362,635	42,738,500	1,019,696	5,571,969	163,121,800
Accumulated depreciation at 30 June 2019	(1,380,912)	(148,214)	(118,109)	(46,099)	(443,720)	(1,417)	(453,054)	(64,816)	0	(2,656,341)
Carrying amount at 30 June 2019	86,528,927	4,905,976	11,381,959	385,601	8,089,483	361,218	42,285,446	954,880	5,571,969	160,465,459

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

10. INFRASTRUCTURE (Continued)

(b) 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 Aerodrome	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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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 where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 and no more than five 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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019				2019				2018				2018			
	Actual	Actual	2019	2019	Budget	Budget	2019	2019	Actual	Actual	2018	Actual	2018	Actual	2018	Actual
	Net Book Value	Sale Proceeds	Actual Profit	Loss	Net Book Value	Sale Proceeds	Budget Profit	Budget Loss	Net Book Value	Sale Proceeds	Actual Profit	Actual Loss	Net Book Value	Sale Proceeds	Actual Profit	Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	109,200	80,500	0	(28,700)	0	0	0	0	306,891	350,000	43,109	0				
Buildings - specialised	16,277	0	0	(16,277)	0	0	0	0	0	0	0	0	0	0	0	0
Furniture and equipment	40,837	0	0	(40,837)	0	0	0	0	0	0	0	0	0	0	0	0
Plant and equipment	390,008	209,674	33,146	(213,480)	525,961	450,113	84,234	(160,082)	300,060	164,634	0	(135,426)				
Infrastructure Playground Equipment	7,200	0	0	(7,200)	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure Other	16,000	0	0	(16,000)	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure Streetscape	34,000	0	0	(34,000)	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure Aerodrome	3,600	0	0	(3,600)	0	0	0	0	0	0	0	0	0	0	0	0
	617,122	290,174	33,146	(360,094)	525,961	450,113	84,234	(160,082)	606,951	514,634	43,109	(135,426)				

The following assets were disposed of during the year.

	2019				2019				2018				2018			
	Actual	Actual	2019	2019	Budget	Budget	2019	2019	Actual	Actual	2018	Actual	2018	Actual	2018	Actual
	Net Book Value	Sale Proceeds	Actual Profit	Loss	Net Book Value	Sale Proceeds	Budget Profit	Budget Loss	Net Book Value	Sale Proceeds	Actual Profit	Actual Loss	Net Book Value	Sale Proceeds	Actual Profit	Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Education and welfare																
Killara Commuter Bus	26,508	13,636	0	(12,872)												
Killara Wheelchair Bus	27,400	60,546	33,146	0												
Transport																
Mitsubishi Fuso PN1218	43,000	33,634	0	(9,366)												
Volvo Backhoe Loader PN0908	97,100	15,864	0	(81,236)												
4T Truck PN1221	59,621	28,636	0	(30,985)												
Hino Tipper Truck PN1222	41,436	26,427	0	(15,009)												
Vermeer Wood Chipper PN2240	29,165	11,780	0	(17,385)												
Husqvarna Ride on Mower	1,652	303	0	(1,349)												
Economic services																
Toyota Coaster Bus PN009	50,997	18,848	0	(32,149)												
	376,879	209,674	33,146	(200,351)												
Other Property and Services																
Land under \$5000 purchase price w/off	28,700	0	0	(28,700)												
Recreation and culture																
239 Ylgarn Avenue	80,500	80,500	0	0												
	109,200	80,500	0	(28,700)												
Program																
Assets under \$5000 W/off	131,043		0	(131,043)												
	131,043	0	0	(131,043)												
	617,122	290,174	33,146	(360,094)												

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	86,692	80,478	80,478
Buildings - specialised	691,619	630,963	612,092
Furniture and equipment	202,131	39,404	38,359
Plant and equipment	400,614	333,242	324,403
Bushfire Equipment	142,759	145,846	141,978
Infrastructure Roads	1,380,912	1,663,392	1,619,270
Infrastructure Footpaths	148,214	160,006	155,761
Infrastructure Drainage	118,109	81,269	79,113
Infrastructure Playground Equipment	46,099	65,974	64,224
Infrastructure Other	443,719	615,689	597,606
Infrastructure Streetscape	1,417	29,209	28,435
Infrastructure Bridges and Culverts	453,054	435,145	423,604
Infrastructure Aerodrome	64,816	82,770	80,575
	4,180,155	4,363,387	4,245,898

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life		
Buildings	20 to 55 years	Playground Equipment	5 to 15 years
Furniture & Equipment	4 to 10 years	Bridges & Culverts	75 to 100 years
Plant & Equipment (Bush fire)	3 to 15 years	Parks, Reserves and other infrastructure	4 to 55 years
Sealed Roads & Streets		Infrastructure-Aerodrome	5 to 50 years
Formation	Not depreciated	Footpaths	
Pavement	80 years	In situ concrete & slabs	32 years
Seal		Drainage	85 years
bituminous seals	23 to 30 years		
asphalt surfaces	23 to 30 years		
Streetscape	15 to 55 years		
Gravel Roads			
Formation	Not depreciated		
Pavement	80 years		
Gravel Sheet	33 years		

Depreciation (Continued)

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

12. REVALUATION SURPLUS

	2019	2019	2018	2018	2018	Total	2018
	Opening Balance	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	12,364,848	12,364,848	12,364,848	0	0	0	12,364,848
Revaluation surplus - Buildings	13,445,586	13,445,586	13,445,586	0	0	0	13,445,586
Revaluation surplus - Furniture and equipment	175,330	175,330	0	175,330	0	175,330	175,330
Revaluation surplus - Plant and equipment	368,708	368,708	368,708	0	0	0	368,708
Revaluation surplus - Bushfire Equipment	1,074,141	1,074,141	1,074,141	0	0	0	1,074,141
Revaluation surplus - Infrastructure Roads	53,504,060	53,504,060	60,930,240	682,621	(8,108,801)	(7,426,180)	53,504,060
Revaluation surplus - Infrastructure Playground Equipment	631,572	631,572	590,800	40,772	0	40,772	631,572
Revaluation surplus - Infrastructure Other	5,917,610	5,917,610	4,991,681	2,082,727	(1,156,798)	925,929	5,917,610
Revaluation surplus - Infrastructure Streetscape	(91,084)	(91,084)	289,838	0	(380,922)	(380,922)	(91,084)
Revaluation surplus - Infrastructure Bridges and Culverts	26,588,240	26,588,240	27,232,861	0	(644,621)	(644,621)	26,588,240
	113,979,011	113,979,011	121,288,703	2,981,450	(10,291,142)	(7,309,692)	113,979,011

Movements on revaluation of property, plant and equipment (including infrastructure) 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- Infrastructure other includes bridges and the airport.

Revaluation surplus- Roads includes footpaths and drainage.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

13. TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Current		
Sundry creditors	2,887,363	1,447,159
Accrued salaries and wages	72,392	57,702
Customer bonds and deposits	610,335	0
ATO Liabilities	0	(7,542)
Interest on debentures	28,890	31,275
ESL Payable	0	3,131
Accrued Expenditure	59,178	166,462
	3,658,158	1,698,187
Non Current		
Customer bonds and deposits	221,047	0
	221,047	0
Customer bonds and deposits (see note 3)		
Current liability	610,335	0
Non Current liability	221,047	0
	831,382	0

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

14. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	\$	\$
Current	279,985	224,381
Non-current	2,000,696	1,783,681
	2,280,681	2,008,062

(b) Repayments - Borrowings

Particulars	Interest Rate	30 June 2019					30 June 2019					30 June 2019					30 June 2019		
		Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2018	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2017	30 June 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	30 June 2018	30 June 2018	30 June 2018
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Recreation and culture																			
Loan 223 Recreation Facilities	6.06%	252,563	0	122,513	12,002	130,050	252,562	0	122,513	15,099	130,049	367,976	115,413	20,002	252,563				
Loan 224 Recreation Facilities	6.48%	860,271	0	43,876	60,294	816,395	860,271	0	43,876	60,775	816,395	901,436	41,165	63,288	860,271				
Loan 228 Northam Aquatic Centre	1.88%	0	0	0	0	0	0	2,400,000	0	0	2,400,000	0	0	0	0	0	0	0	
Loan 227 New Northam Youth Space	2.26%	0	500,000	0	2,458	500,000	0	500,000	0	0	500,000	0	0	0	0	0	0	0	
Transport																			
Loan 221 Airstrip	6.22%	0	0	0	0	0	0	0	0	0	0	13,280	13,280	673	0				
Economic services																			
Loan 225 Victoria Oval	6.80%	703,858	0	35,898	49,332	667,960	703,858		35,898	49,726	667,960	737,538	33,680	51,781	703,858				
		1,816,692	500,000	202,287	124,086	2,114,405	1,816,691	2,900,000	202,287	125,600	4,514,404	2,020,230	203,538	135,744	1,816,692				
Self Supporting Loans																			
Recreation and culture																			
Loan 208 Northam Country Club	7.36%	9,363	0	6,128	524	3,235	9,365	0	6,128	624	3,237	15,058	5,695	999	9,363				
Loan 219A Northam Bowling Club	3.18%	182,007	0	18,967	6,827	163,041	182,007	0	18,967	6,870	163,040	200,385	18,378	7,549	182,007				
		191,370	0	25,095	7,351	166,276	191,371	0	25,095	7,494	166,277	215,443	24,073	8,548	191,370				
		2,008,062	500,000	227,382	131,437	2,280,681	2,008,062	2,900,000	227,382	133,094	4,680,681	2,235,673	227,610	144,292	2,008,062				

Self supporting loans are financed by payments from third parties. These are shown in Note 8 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
				2019 Actual \$	2019 Budget \$	2019 Actual \$	2019 Budget \$		
Loan 227 Northam Youth Space	WATC	10	2.26%	500,000	500,000	0	500,000	0	0

	2019	2018
	\$	\$
Bank overdraft limit	100,000	100,000
Credit card limit	15,000	15,000
Credit card balance at balance date	(4,867)	(537)
Total amount of credit unused	110,133	114,463
 Loan facilities		
Loan facilities - current	279,985	224,381
Loan facilities - non-current	2,000,696	1,783,681
Total facilities in use at balance date	2,280,681	2,008,062

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.

Risk

Information regarding exposure to risk can be found at Note 26.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	605,891	458,405	1,064,296
Non-current provisions	0	271,813	271,813
	605,891	730,218	1,336,109
Additional provision	(13,187)	107,313	94,126
Balance at 30 June 2019	592,704	837,531	1,430,235
Comprises			
Current	592,704	614,721	1,207,425
Non-current	0	222,810	222,810
	592,704	837,531	1,430,235
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date	59,161	0	
More than 12 months from reporting date	1,282,763	1,268,368	
Expected reimbursements from other WA local governments	88,311	67,741	
	1,430,235	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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

16. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	8,123,774	4,124,399	9,699,752
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	18,691,153	6,020,180	4,693,712
Non-cash flows in Net result:			
Fair value adjustments to financial assets at fair value through profit and loss	(210,205)	0	0
Depreciation	4,180,155	4,363,387	4,245,898
Gifted bridge from main roads	(12,800,000)	0	0
(Profit)/loss on sale of asset	326,948	75,848	92,317
Changes in assets and liabilities:			
(Increase)/decrease in receivables	104,883	1,713,307	(1,115,277)
(Increase)/decrease in other assets	(1,862,488)	0	0
(Increase)/decrease in inventories	1,224	1,000	(593)
Increase/(decrease) in payables	2,181,018	321,677	181,650
Increase/(decrease) in provisions	94,126	20,000	37,325
Grants contributions for			
the development of assets	(5,019,568)	(7,223,845)	(4,534,499)
Net cash from operating activities	5,687,246	5,291,554	3,600,533

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

17. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities as at 30 June 2019.

18. SUBSEQUENT EVENTS

The Shire did not have any known subsequent events at the reporting date.

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	0	408,638
General purpose funding	14,627,125	15,275,542
Law, order, public safety	3,741,916	3,369,314
Health	119,351	124,332
Education and welfare	4,171,189	4,112,237
Housing	1,276,078	1,303,119
Community amenities	2,028,248	1,904,496
Recreation and culture	38,795,600	32,919,712
Transport	152,693,132	137,064,905
Economic services	8,743,057	8,886,475
Other property and services	352,300	352,300
Unallocated	8,117,094	7,705,104
	234,665,090	213,426,174

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

20. CAPITAL AND LEASING COMMITMENTS

	2019	2018
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	6,579,846	228,427
	<hr/>	<hr/>
	6,579,846	228,427
Payable:		
- not later than one year	6,579,846	228,427
	<hr/>	<hr/>
	6,579,846	228,427

The commitment as at 30 June 2019 relates to the tendered contracts for Northam Aquatic Centre construction.

The commitment as at 30 June 2018 relates to the tendered contracts for the Bilya Koort Boodja Centre interpretation implementation.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

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

2019	2018
\$	\$
13,008	11,420
<hr/>	<hr/>
11,395	22,841
<hr/>	<hr/>
24,403	34,261

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting fees	201,600	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	14,794	22,000	13,035
Telecommunications allowance	34,427	35,000	41,435
	307,071	314,600	312,070

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	880,287	865,853
Post-employment benefits	90,419	83,762
Other long-term benefits	20,303	19,875
	991,009	969,490

Short-term employee benefits

These amounts include all salary, 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 of Northam's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

21. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties and the Shire of Northam 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 guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Sale of goods and services	260	420
Purchase of goods and services	1,471	1,898

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. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

22. JOINT ARRANGEMENTS

(a) Carrying amount of investment in joint operations

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

Share of joint operations

	2019	2018
	\$	\$
Land and buildings fair value 30 June 2017	1,062,175	1,062,175
Other infrastructure fair value 30 June 2018	8,800	8,800
Additions at cost	20,285	20,285
Less : accumulated depreciation	(43,549)	(21,249)
Total assets	1,047,711	1,070,011
Statement of comprehensive income		
Other revenue	43,819	48,041
Other expenditure	(55,482)	(69,115)
Net result for the period	(11,663)	(21,074)
Total comprehensive income for the period	(11,663)	(21,074)

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 in net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

23. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening			Closing			Closing
	Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
FESA BFB	37,639	44,440	(37,639)	44,440	51,056	(44,440)	51,056
FESA SES	10,477	8,895	(10,447)	8,925	22,160	(8,925)	22,160
DFES Fire Mitigation Report	28,000	0	(28,000)	0	0	0	0
WAPOL	0	0	0	0	118,686	(116,809)	1,877
Health							
NRM Biodiversity Grant	50,000	0	(50,000)	0	0	0	0
Education and welfare							
RFR Fluffy Ducks	232,954	0	(232,954)	0	0	0	0
Recreation and culture							
CLGF 2012-2013 Shire of Dowerin	50,000	0	(50,000)	0	0	0	0
Kidsport, Silversport	13,478	0	(13,478)	0	7,368	(7,368)	0
Town Hall Remedial Works	98,423	0	(98,423)	0	58,450	(55,264)	3,186
WAPOL Night Hoops	0	0	0	0	19,290	0	19,290
Transport							
Main Roads WA	55,870	0	(55,870)	0	0	0	0
Main Roads Blackspot Funding GEHG	0	437,291	0	437,291	127,676	(539,236)	25,731
DRD Royalties for Regions	824,040	0	(824,040)	0	0	0	0
WDC Age Friendly Footpaths	40,000	0	(40,000)	0	0	0	0
RTR Roads to Recovery Grant	282,453	526,319	(282,453)	526,319	0	(526,319)	0
Economic services							
Water Corporation - Treatment Plant	201,181	0	(31,500)	169,681	0	0	169,681
Total	1,924,515	1,016,945	(1,754,804)	1,186,656	404,686	(1,298,361)	292,981

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

24. RATING INFORMATION

(a) Rates

RATE TYPE	General rate	Number of Properties	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2017/18
			Rate in \$	Actual Rateable Value	Actual Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Revenue	Budget Interim Rate	Budget Back Rate	Actual Total Revenue
Gross rental valuations												
00 Non Rateable Value		0	720	3,973,088	0	0	0	0	0	0	0	0
01 GRV Townsite Residential		9.7975	4,017	56,675,019	5,885,276	2,361	2,867	5,890,504	5,846,660	155,943	600	6,003,203
02 GRV Northam Commercial /Industrial		10.7376	258	13,520,247	1,171,610	196,993	110,129	1,478,732	1,451,750	1,000	100	1,452,850
Unimproved valuations												
05 Agricultural Local		0.6072	375	135,735,013	822,446	0	0	822,446	824,183	5,000	100	829,283
06 Agricultural Regional		0.5099	170	114,282,997	582,729	2,759	48	585,536	582,729	5,000	100	587,829
07 Rural Small Holding		0.7558	87	15,689,997	118,585	209		118,794	118,585	3,000	100	121,685
Sub-Total			5,627	339,876,361	8,580,646	202,322	113,044	8,896,012	8,823,907	169,943	1,000	8,994,850
Minimum payment												
Gross rental valuations												
01 GRV Townsite Residential		923	903	3,455,437	827,244	0	0	827,244	833,469	0	0	833,469
02 GRV Northam Commercial /Industrial		923	51	206,185	46,168	0	0	46,168	47,073	0	0	47,073
Unimproved valuations												
05 Agricultural Local		923	71	6,907,016	65,533	0	0	65,533	65,533	0	0	65,533
06 Agricultural Regional		923	161	21,994,603	148,603	0	0	148,603	148,603	0	0	148,603
07 Rural Small Holding		923	7	848,003	6,461	0	0	6,461	6,461	0	0	6,461
Sub-Total			1,193	33,411,244	1,094,009	0	0	1,094,009	1,101,139	0	0	1,101,139
Less Rates Written Off												(18,172)
Discounts/concessions (refer Note 24(b))		6,820	373,287,605	9,674,655	202,322	113,044	9,990,021		9,925,046	169,943	1,000	10,095,989
Total amount raised from general rate							0					9,602,238
Ex-gratia rates							9,990,021					0
Rates paid in advance							14,483					10,094,989
Totals							280,140					9,602,238
							10,284,644					14,625
												14,130
												0
												0
												9,616,368

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

24 RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment	Instalment	Unpaid Rates
		Plan Admin Charge	Plan Interest Rate	Interest Rate
Option One	19.09.2018			11.00%
Option Two	19.09.2018	0	5.50%	11.00%
	19.11.2018	10.00	5.50%	11.00%
Option Three	19.09.2018	0	5.50%	11.00%
	19.11.2018	10.00	5.50%	11.00%
	21.01.2019	10.00	5.50%	11.00%
	21.03.2019	10.00	5.50%	11.00%

	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Interest on unpaid rates	211,697	140,000	147,254
Interest on instalment plan	36,249	32,500	32,572
Charges on instalment plan	247,946	172,500	179,826
	38,150	38,000	37,630
	286,096	210,500	217,456

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

25. RATE SETTING STATEMENT INFORMATION

Note	2018/19		
	2018/19 (30 June 2019)	Budget (30 June 2019)	2018/19 (1 July 2018)
	Carried Forward)	Carried Forward)	Brought Forward)
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	11(a)	(33,146)	(84,234)
Fair value adjustments to financial assets, at fair value through profit and loss	8(b)	(210,205)	0
Movement in pensioner deferred rates (non-current)		4,937	0
Movement in employee benefit provisions (non-current)		(49,003)	0
Movement in other provisions (non-current)		8,630	(61,631)
Add: Loss on disposal of assets	11(a)	360,094	160,082
Add: Change in customer deposits and bonds		221,047	0
Add: Depreciation on assets	11(b)	4,180,155	4,363,387
Non cash amounts excluded from operating activities		4,482,509	4,439,235
			4,263,292
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - restricted cash	3	(5,015,888)	(3,924,399)
Less: Loans receivable - clubs/institutions		(15,758)	0
Add: Borrowings	14(a)	279,985	227,381
Less Leave Reserve Cash Backed		427,796	426,341
Budget Leave cash backed		250,000	250,000
Total adjustments to net current assets		(4,073,865)	(3,020,677)
			(5,247,982)
Net current assets used in the Rate Setting Statement			
Total current assets		13,381,991	6,295,715
Less: Total current liabilities		(5,145,568)	(3,275,038)
Less: Total adjustments to net current assets		(4,073,865)	(3,020,677)
Net current assets used in the Rate Setting Statement		4,162,558	0
			4,962,863

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

26. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
			%	\$	\$
2019					
Cash and cash equivalents	1.10%	8,123,774	0	8,120,344	3,430
2018					
Cash and cash equivalents	1.60%	9,699,752	0	9,696,522	3,230
Sensitivity					
Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.					
2019					
2018					
Impact of a 1% movement in interest rates on profit and loss and equity*			\$ 81,238	\$ 96,998	

* Holding all other variables constant

Borrowings

Borrowings are 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 Shire does not consider there to be any interest rate risk in relation to borrowings.

Details of interest rates applicable to each borrowing may be found at Note 14(b).

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable and sundry receivables.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.64%	0.88%	1.29%	9.30%	
Gross carrying amount	720,098	501,541	298,426	761,079	2,281,144
Loss allowance	4,622	4,403	3,861	70,787	83,673

01 July 2018

Rates receivable

Expected credit loss	0.71%	0.98%	1.42%	10.59%
Gross carrying amount	658,542	428,717	241,389	662,858
Loss allowance	4,681	4,183	3,421	70,185

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	1.09%	8.40%	10.35%	58.38%	
Gross carrying amount	766,807	10,287	30,283	105,475	912,852
Loss allowance	8,366	864	3,135	61,577	73,942

01 July 2018

Sundry Receivables

Expected credit loss	0.76%	6.82%	8.74%	53.69%
Gross carrying amount	1,309,043	56,413	20,001	73,307
Loss allowance	10,003	3,847	1,748	39,356

SHIRE OF NORTHAM
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26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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 and disclosed in Note 14(d).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2019</u>					
Payables	3,879,205	0	0	3,879,205	3,879,205
Borrowings	399,952	1,042,427	1,601,235	3,043,614	2,280,681
	4,279,157	1,042,427	1,601,235	6,922,819	6,159,886
<u>2018</u>					
Payables	1,698,187	0	0	1,698,187	1,698,187
Borrowings	347,159	957,198	1,524,981	2,829,338	2,008,062
	2,045,346	957,198	1,524,981	4,527,525	3,706,249

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

27. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received			Reclassification to restricted cash	30 June 2019
		\$	\$	\$		
Town Hall Bond	1,000	1,009	(1,000)	(1,009)	0	0
Lesser Hall Bond	500	1,000	(1,100)	(400)	0	0
Public Open Space	263,778	5,716	(40,000)	0	229,494	
Bonds Building	25,500	48,631	0	(74,131)	0	0
Crossovers Bond	63,892	1,450	0	(65,342)	0	0
Recreation Centre Bond	400	1,200	(2,100)	500	0	0
Facilities Bond	19,715	1,863	(1,100)	(20,478)	0	0
Footpath/Kerbing Bond	90,500	48,021	(60,917)	(77,604)	0	0
Retention	94,072	48,705	(34,744)	(108,033)	0	0
Sundry Trust	24,860	411	0	(25,271)	0	0
Standpipe Key	7,800	1,050	(450)	(8,400)	0	0
Resited Dwelling	21,834	452	(5,000)	(17,286)	0	0
Deposits Extractive Industries	242,599	5,751	0	(248,350)	0	0
Other	12,479	2,888	0	(15,367)	0	0
BCTIF	409	34,724	(33,476)	(1,657)	0	0
BRB	847	42,258	(39,966)	(3,139)	0	0
Animal Traps	330	100	(430)	0	0	0
Strom Damage	175	0	0	(175)	0	0
AROC	139,323	36,667	(10,750)	(165,240)	0	0
	1,010,013	281,896	(231,033)	(831,382)	229,494	

In previous years, customer bonds and deposits were held as trust monies. They are now included in restricted cash at Note 3 and shown as a liability at Note 13.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

28. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies however there were no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

There was no effect of adopting AASB 9 as at 1 July 2018 for the following reasons:-

- No additional remeasurement needed to be done for the expected credit losses under AASB 9 (see note 26(b)).
- The Shire does not hold any available for sale financial assets.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

SHIRE OF NORTHAM
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28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances classified as loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

Financial Assets	AASB 139 value	cost	OCI	Financial assets at fair value through P/L
	\$	\$	\$	\$
Trade receivables (note 5)	3,721,484	3,721,484	0	0
Loans and advances (note 8)	191,371	191,371	0	0
	3,912,855	3,912,855	0	0

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

	Impairment		ECL under AASB 9 as at
	under AASB 139	as at 30 June 2018	
	30 June 2018	Remeasurement	01 July 2018
	\$	\$	\$
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	137,424	0	137,424
	137,424	0	137,424

SHIRE OF NORTHAM
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FOR THE YEAR ENDED 30TH JUNE 2019

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*.

These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

(b) Leases

The Shire adopted AASB 16 prospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases prospectively, with any cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to lease liabilities which were previously classified as an operating lease applying AASB 117. The right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the Standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of the initial application.

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

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

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

SHIRE OF NORTHAM
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FOR THE YEAR ENDED 30TH JUNE 2019

30. 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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	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
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services	Rates, general purpose government grants and interest revenue
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer 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
HEALTH	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
EDUCATION AND WELFARE	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
HOUSING	To provide and maintain elderly residents housing	Provision and maintenance of rental housing, including elderly residents housing
COMMUNITY AMENITIES	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.
RECREATION AND CULTURE	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
TRANSPORT	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
ECONOMIC SERVICES	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
OTHER PROPERTY AND SERVICES	To monitor and control Shire's overheads operating accounts	Private works operation, plant repair and operation costs and engineering operation costs

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

32. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.76	2.29	2.89
Asset consumption ratio	0.53	0.56	0.58
Asset renewal funding ratio	0.98	1.08	0.98
Asset sustainability ratio	1.31	0.98	1.10
Debt service cover ratio	14.45	12.23	16.90
Operating surplus ratio	0.06	0.01	0.16
Own source revenue coverage ratio	0.74	0.71	0.72

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Northam

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Northam which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Northam:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 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

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual 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. My 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 annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 my 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 annual financial report.

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

- Identify and assess the risks of material misstatement of the annual 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 my 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, misrepresentations, 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 32 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

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 2019 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia

5 December 2019



Shire of Northam
Heritage, Commerce and Lifestyle



395 Fitzgerald Street, Northam

PO Box 613

Northam WA 6401

P: (08) 9622 6100

F: (08) 9622 1910

E: records@northam.wa.gov.au

W: www.northam.wa.gov.au