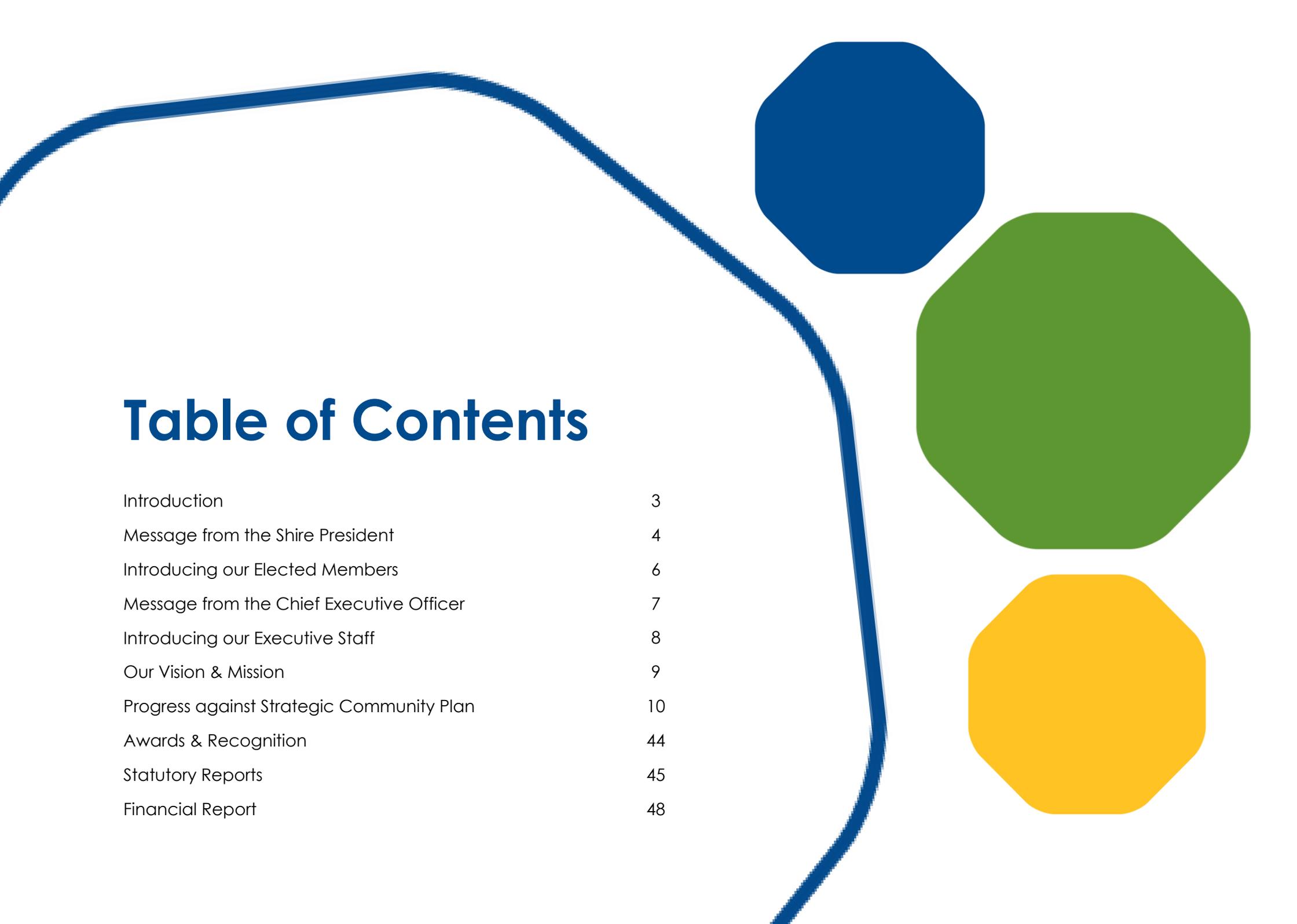




# Shire of Northam Annual Report 2016/17

*Safe, Open, Accountable, Respectful*



A thick blue line starts from the left edge, curves upwards, then downwards, ending at the bottom center. To the right of the line are three octagons: a blue one at the top, a green one in the middle, and a yellow one at the bottom.

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# Introduction

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

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

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

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

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



# From the Shire President

## Our Vision

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

## Our Mission

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

## Motto theme:

Heritage, Commerce, Lifestyle.

## Community Strategic Plan (CSP) 2012 - 2022

A new iteration of this plan is to be adopted in 2017 however we have been working towards achieving the desires of the community as expressed in the CSP over the past 5 years. There are 6 key themes identified, with associated objectives and strategies:

### **Theme: Governance**

Objectives:

- G1 Provide accountable and transparent leadership.
- G2 Improve organisational capability and capacity.
- G3 provide efficient and effective corporate management.

### **Theme: Community**

Objectives:

- C1 Create an environment that provides for a caring and healthy community.
- C2 Provide services and processes to enhance public safety.
- C3 Provide active and passive recreation facilities and services.
- C4 Protect and promote the Shire's diverse culture and heritage.

### **Theme: Economic**

Objectives:

- E1 Support business and investment opportunities.
- E2 Facilitate further development of regional tourism.



## Theme: Natural Environment

Objectives:

N1 Mitigate the Shire of Northam's carbon footprint, reducing waste and green house gas production.

N2 Enhance the health and integrity of the natural environment.

N3 Management and protection of water resources.

## Theme: Infrastructure and Resources

Objective:

R1 Provide and support an effective and efficient transport network.

## Theme: Public Realm and Built Environment:

Objectives:

P1 Promote a diverse mix of development opportunities throughout the Shire.

P2 Accessible and legible communities.

Each of these themes have been progressed during the year; some more so than others as resources permit. Community plans have also been developed for Wundowie and Bakers Hill. The key projects from these plans feed into the Corporate Business Plan which the Shire develops annually.

## Councillors

It has been my pleasure to work with the other 9 Councillors over the past year to ensure the best outcomes for all residents and ratepayers across the whole Shire. I again thank each and every Councillor for their commitment to this Shire. Special thanks continue to go to the Deputy President of the Shire, Cr. Terry Little, who has been of great value to me in fulfilling my role of President and in his own role as our Deputy.

## Key Projects

The Shire had a number of priority capital works projects under way in 2016/17 including:

- Northam Aboriginal and Environmental Interpretive Centre - construction has commenced with completion expected in the first half of 2018.
- Bakers Hill drainage improvements – particularly the Carlin Valley Estate and Koojiedda Hills Estates.
- Bernard Park improvements including drainage and swan compound. Completed.
- Northam Swimming Pool - We are planning for a new 50m heated outdoor pool and associated water leisure facilities at the Northam Recreation Centre. Construction to commence in 2018.
- Northam Town Centre drainage – King Creek stage 2 construction underway.
- Northam Youth Precinct – planning is well advanced with construction likely to commence in 2018.
- Rural drainage network. Flooding continues to be a concern in the Western areas of the Shire and we are responding with extra resources allocated to dealing with the issues we can control.
- Shire Administration building – planning for an extension or relocation is underway as we are space restricted in our current configuration.



# Introducing Our Elected Members



**Cr Chris Davidson**  
West Ward



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



**Cr Chris Antonio**  
East Ward



**Cr Ulo Rumjantsev**  
Central Ward



**Cr Des Hughes**  
Town Ward



**Cr John Proud**  
Town Ward



**Cr Rob Tinetti**  
Town Ward



**Cr Denis Beresford**  
Town Ward



**Cr Julie Williams**  
Central Ward

# From the Chief Executive Officer

A significant amount of work goes into ensuring the Shire of Northam is a safe, open, accountable and respectful organisation. We are very pleased, and proud of the achievements we have made as an organisation with generally all our employees buying into the values we are purporting.

Operationally, we are generally very happy with our progress, although there are some pressure points which will remain our focus moving forward. Our balance sheet remains very strong, highlighted by a very good current ratio and debt service ratio. This financial position is allowing Council to plan for, and deliver, a number of key projects over the next two years, including the \$5.8m Aboriginal & Environmental Interpretive Centre, \$8.0m Aquatic facility and \$1.5m (up to) Northam Youth Space.

Our major projects will be funded from a mix of revenue streams, including LotteryWest, the Government of Western Australia and the Federal Government. Of particular note is the \$2.0m contribution made by LotteryWest to our Aboriginal & Environmental Centre, and the \$2.1m and \$3.2m contributed by the Federal Government to the Aboriginal & Environmental Interpretive Centre and Aquatic Facility developments. In addition \$1.5m was received from the Department of Sport and Recreation to the Aquatic Facility. Each of these three projects, plus a range of other smaller projects are contributing toward making the Shire of Northam an attractive place to live and visit.

In regards to our organisational focus areas moving forward, it is fair to say that we are still grappling with our works request processes, to ensure we capture and address concerns being raised in the community. While we are confident that good progress has been made, we are also mindful that further improvements are required to ensure that our service to the community is outstanding. Additionally, we continue to grapple with our project deliverables and programs with the end of year seeing a number of projects and actions which were planned to be completed remaining open. This is a constant challenge we are facing, balancing our stretch targets with outcomes which are achievable.

We have had a significant focus on accountability through the mapping of

our critical processes and also the planning of our Corporate Plan annual deliverables through departmental delivery plans. While these initiatives have been a positive addition to our organisation, they have also challenged us to ensure we are being realistic in what we expect to achieve and also accountable in regards to achieving what is realistic in the year.

The Shire of Northam is a positive and exciting place to be. With over \$200m being invested into the community in the next two years, we are challenged with unprecedented development. The opportunity this presents to us is unique and as an organisation we need to ensure that we continue to do everything we can to ensure this investment momentum continues and translates into a stronger community, both economically and socially.

I am very confident in the staff we have, that we will be able to continue the positive work we have been doing on behalf of the community and ensure that the Shire of Northam continues to grow and prosper.

Finally, thanks!

Thank you to:

- our community for your support;
- our wonderful employees; and
- the Council, my senior management colleagues, and my very capable Executive Assistant.





# Introducing Our Executive Staff



**Mr Chadd Hunt**

**Executive Manager Development Services**



**Mr Ross Rayson**

**Executive Manager Community Services**



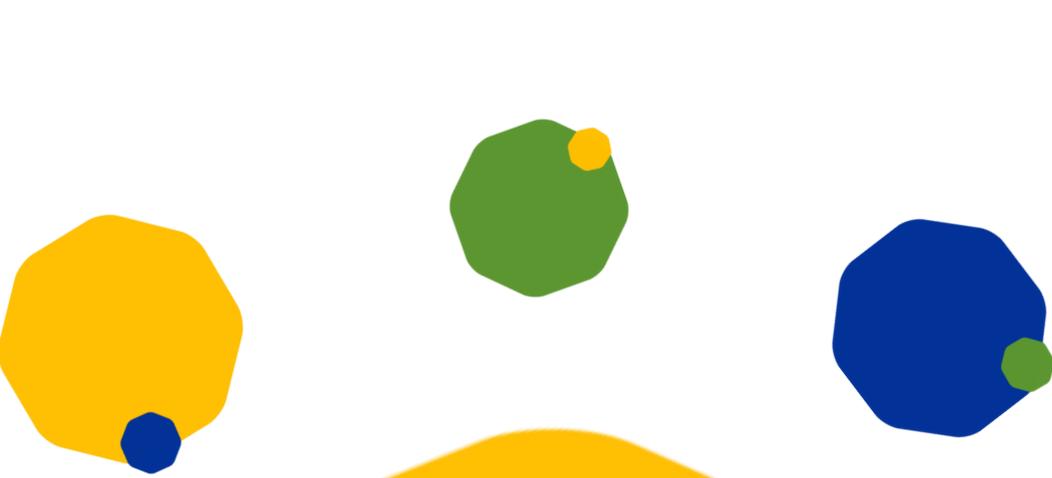
**Mr Colin Young**

**Executive Manager Corporate Services**



**Mr Clinton Kleynhans**

**Executive Manager Engineering Services**



# Our Mission

*To deliver responsive, sustainable services in a manner that reserves 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.



# Our Vision

*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 opinions

**Teamwork** - To achieve through the efforts if the team

**Excellence** - To aspire to one standard

**Openness** - To engender trust through openness

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





# Progress Against Strategic Community Plan

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

During the 2016/17 period Council initiated a review of its Strategic Community Plan, and at a Special Council meeting held on 2<sup>nd</sup> November 2016 Council appointed Integral Developments to undertake the review. The review process continued throughout the 2016/17 period and the revised plan is proposed to be endorsed by Council at the beginning of 2017/18.

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

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

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





# GOVERNANCE

# Review of HR/OSH Policies

2016/17 saw the creation of the Workplace Guidelines which encompass all of our HR and OSH policies and procedures. This document, together with the process mapping system provides a central source of information for both management and staff. The Guidelines form a living document which is reviewed and updated in line with legislative changes and organisational requirements on a regular basis.

The staff training and development guidelines have been a major focus in recent months as the Shire has entered into a partnership with Central Regional TAFE (CRTAFE). The two worked closely together to produce a training plan for the Shire based on the training needs of each individual role within the organisation. Moving forward CRTAFE will provide a "One Stop Shop" service for all the Shire's training needs, thus supporting our local education providers. \$60,000.00 was received in grant funding from the Department of Local Government and Communities to enable us to offer accredited training to 11 of our staff aged under 30 years.

The Health and Wellbeing program which forms part of the Shire's Attraction and Retention Strategy has continued to grow as more services are added for staff to enjoy. As a result of the excellent features of the program the Shire has been recognised by Healthier Workplace WA and awarded the prestigious Gold Award which is held by only four Local Governments in WA.

CEO, Mr Jason Whiteaker and HR Coordinator, Ms Bev Jones were presented with the Healthier Workplace WA Gold Award on behalf of the Shire of Northam.

## Health and Safety

The AS/NZS 4801:2001 Audit Report undertaken by Local Government Insurance Services in August 2016 has highlighted significant improvements pertaining to all aspects of Occupational Safety and Health at the Shire of Northam. The total 'average' score for the Shire of Northam was 67% which is significantly higher than the previous audit result of 28% which was achieved in 2014. This vastly improved score reflects both the improvement of safe working practices but also the positive culture amongst the workforce.

As a consequence of the audit and to ensure that any shortfalls identified are addressed, the Safety & Risk Management Plan has been developed to ensure that required improvements are made in a timely manner. Subsequent actions have been allocated to the relevant officers and entered into the MYOSH (OSH database) system for ongoing monitoring.





## Health and Safety (cont)

The progress of these actions is reviewed at each quarterly Occupational Safety and Health Committee meeting, and any problems arising from these actions is also addressed at this forum. As the organisation has now implemented comprehensive safety procedures the audit highlighted the fact that the next stage of our journey to safety excellence is to review these processes to ensure that the strategies put in place are effective.

During 2016/17 staff attended a series of workshops hosted by Local Government Insurance Services in which they were provided with guidance in creating Safe Work Method Statements for all manual tasks. Following on from the training each department is required to create a complete set of SWMS to encompass all of their manual tasks. These documents will be used by all staff undertaking manual tasks and reviewed on a regular basis to ensure that they remain current.

## Workforce Plan

On 1st June 2017 all permanent and fixed term staff were invited to complete a survey in order to gain an in depth and holistic understanding of their perception of the workplace. The results of this survey will be used to guide the Shire in the revision of the Integrated Workforce Plan.

## Review of Council's Policies

A range of Council's Policies were subject to a review during the 2016/17 period with a number of new policies developed. Council's current policies can be viewed in the Policy Manual available on the Shire of Northam's website.



## Customer Service

Council is committed to providing excellent customer service and has continued to operate in accordance with its adopted Customer Service Charter. In addition, Council has documented its processes for how it manages its customer requests and complaints to ensure that a consistent approach is applied to all customers which meets the objectives of Council's Customer Service Charter.

## Community Meetings

Council held a number of community meetings in Bakers Hill, Wundowie and Northam during the 2016/17 period. The purpose of the meetings were to inform and consult with the residents, business owners, community groups and industry professionals within the Shire.

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

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

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



## GOVERNANCE - KEY PERFORMANCE INDICATORS

Performance Area	Key Performance Indicator	Formula	Target	Actual
Accountability & Leadership	Community Satisfaction with Council Communications	Biennial Community Survey (2014, 2016, 2018 etc)	75%	58% satisfied 21% neither satisfied or dissatisfied
Corporate Management	Safety - Lost Time Injury Frequency Rate	Number of lost time injuries x 1,000,000 / Total hours worked	<15	17.72
Corporate Management	Staff turnover rate	Number of staff separations*/ Total number of staff (less casual and Council instigated)	<20%	24%
Organisational Capacity & Capability	Debt Servicing - This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a	Annual Operating Surplus BEFORE Interest and Depreciation / Principal and Interest	>4	12.23
	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)	214%
	Percentage of elements identified within the annual Department of Local Government Audit Return identified as being complied with by the Shire of Northam	# of Audit elements complied with x 100 / Total number Audit elements Compliance audit for the period 1st January to 31st December against the requirements of the Compliance Audit Return	≥90%	98%



# COMMUNITY SERVICES

# Library Services

In the last 12 months, the Library has gone through a significant period of change, with two major teams of Community Programmes and Technical Programmes now allowing a more structured approach to delivering services. Some of the regular programmes now being delivered from the Libraries include children's programmes at both Northam and Wundowie Libraries, working with Avonvale Special Education students, IT seminars and being the local coordinator of the adult literacy program "Read Write Now". The Library Services continues to provide a meeting place for writers' groups, bookclubs, homesteading groups, and craft groups. Additionally, the libraries have hosted author talks and special interest talks and are planning an ecological seminar series to take place in the summer months. The Library service has also been promoted via having a stall at both the Avon Descent and the Balloon Fiesta, which were well received by the community.

The Library service has an emphasis on providing a range of community services such as the housebound mobile lending service, and the award winning "Better Beginnings" program for children which are continuing to be popular. Some future programmes include: a pilot program lending Kobo readers to grandparent carers with the Wanslea group, seminars and hands-on IT workshops. The following statistics are noteworthy 21% of the Shire of Northam population are active borrowing members of the Library Service with an average of 3,700 items per month borrowed, and the libraries have (on average) 2,500 visitors per month.

# Building Maintenance

## District Engineers Office (fmr) Restoration Works

The Shire of Northam is funding several restoration works at the former District Engineers Office at the Old Northam Railway Station precinct. This involved the restumping and replacement of a number of floorboards, upgrading the ablution facilities and replacing sections of walls. The original building is a significant building that comprises a precinct that commenced construction approximately 120 years ago. The building is currently utilised by the Avon Valley Vintage Vehicle Association (AVVVA).

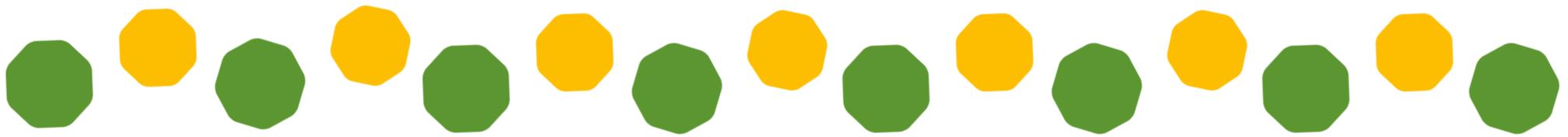
## Northam Town Hall Restoration Works

A grant through Lotterywest was received to undertake remediation works to the Northam Town Hall. The works have commenced and involve the restoration of the decorative render and bricks which posed both an aesthetic and public safety issue. Works are scheduled to be completed by the end of 2017.

## Northam CCTV Upgrade

The Shire of Northam was successful under the state CCTV Infrastructure Program in securing funding to upgrade and expand the current system. The project has commenced and the works are proposed to be completed by 2017/18.





## Recreation Centre HVLS Fan Installation

The Shire undertook the installation of 6 High Volume Low Speed Fans in the main sports arena to assist with player and spectator comfort. The project involved the installation on the large fan units and has significantly improved conditions within the Centre for players and spectators during the summer months.

## Building Services

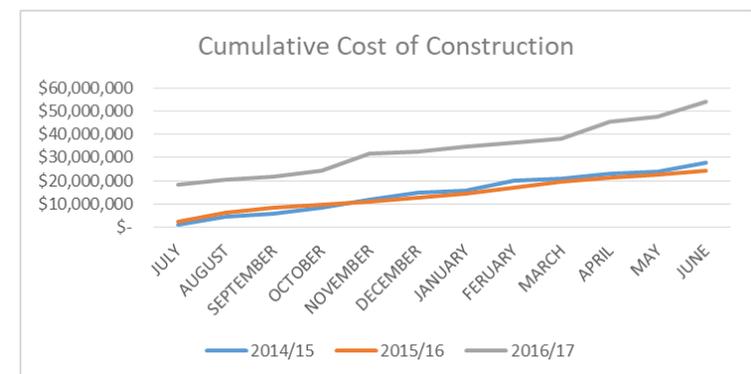
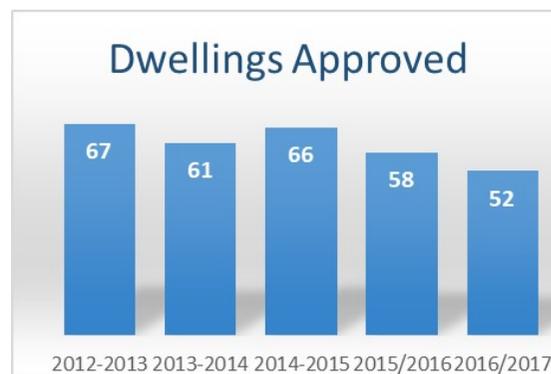
Building Services approved 296 applications for the 2016/17 year. These approvals consisted of 52 New Dwellings, 5 Ancillary Accommodation buildings, 20 Swimming Pools, 9 Addition/Alterations, 91 Outbuildings & Patios/Verandahs, 10 Demolitions, 15 Occupancy Permits for commercial buildings and 38 other building types.

The cost of construction for building approvals in Northam totalled \$54,087,693.00.

The approved applications consisted of 142 Uncertified, 96 Certified, 10 Demolitions, 48 other types of applications

It has been an exciting year of growth for Northam with a number of major projects under construction including: Expansion to the Boulevard Shopping Centre, Aboriginal & Environmental Interpretive Centre, St John Ambulance & Training Centre, Renovation of an historic hotel into a Dome Café, Wine Bar and Accommodation, new Shopping Centre, Place of Worship and the starting of the Poultry Farm.

Legislation requires the Shire to perform inspections of pool barriers every four years, we currently have 472 registered pools. Inspections of Private Swimming Pool barriers totalled 201 within the 2016/17 year.





## Swimming Pools

Both swimming pools were again very popular with over 30,000 attendances at the Northam Pool and 10,000 attendances at the Wundowie Pool. The Infant Swim School program was a new initiative at the Northam Pool that proved to be very popular. This program will aim for expansion in the 2017/18 season.

Council has been successful in securing funding for the construction of a new 50 metre outdoor pool, leisure pools and associated infrastructure at the Northam Recreation Centre. Construction of this facility is estimated to start in late 2017/18. Funding of \$1.5 million was achieved through Community Sport Recreation Facility Fund (CSRFF) and \$3.2 million through Building Better Regions, with Council making up the remaining \$3.3 million.

## Sport Programs

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

Both the Netball and Basketball Associations recorded successful years, with each group reporting a growth in team numbers since moving to the Recreation Centre when it opened. Indoor Hockey had a great season with involvement being so large they started a junior competition which will continue for their 2017/18 season.

The social sports programme saw a number of different sports including floorball, netball, volleyball, basketball, soccer and badminton. Floorball was a great success again with 8 teams registering. Floorball has become quite significant in Northam with Floorball WA working with the Recreation Centre and holding an annual Floorball Open event. Social sports continues to be on the increase in popularity with teams from York and Toodyay adding in teams to the competition.

In addition, active aging was targeted through the seniors program that saw walking groups, carpet bowls, and mental health programs initiated. This culminated in the initiation of the Department of Sport and Recreation sponsored SilverSport program to run in the 2016/17 financial year. This program provides funding for senior residents to participate in active sport and recreation pursuits. The Shire of Northam saw many benefits in this program and have funded the program, now branded as **Senior Sport** in 2017/18.



## Youth Space

In 2017, Council undertook a feasibility study for the development of a Youth Precinct in Northam. The study investigated and identified the most appropriate location, as well as proposed infrastructure, to be part of the Youth Space. Council has budgeted funds to commence construction of the Northam Youth Precinct in 2017/18.

The Shire will continue to liaise with the young people and community members from Northam, Wundowie, Bakers Hill and Grass Valley to further develop youth engagement initiatives.

## Art Collection Committee

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

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

The Committee has arranged hanging rails in some Council facilities such as the Administration centre and Northam Library for display of the collection. A number of new pieces were acquired during the year, both from donations and the Northam art prize. The total pieces in the collection now exceeds 120 and was valued in 2017 to be worth over \$165,000.

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

## Aged Care – Killara Centre

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

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



# Municipal Heritage Inventory

The Shire's Municipal Heritage Inventory (MHI) is a survey of heritage places in the Shire of Northam. The MHI Review commenced in the 2015/16 financial year and continued into the 2016/17 financial year. Seventy-two (72) places were listed for review. Two places were expanded to become 4 places and 4 new nominations have been included.

## CBD Heritage Grant

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

## Aboriginal and Environmental Interpretive Centre

The construction of the Aboriginal and Environmental Interpretive Centre has commenced, with FIRM Construction being appointed to undertake the development. The interpretive planning and design which was undertaken by Thylacine Design and a detailed plan has been developed in consultation with the Aboriginal community and substantial progress has been made with assembling the interpretive display. The project has a completion target of March 2018.

## 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 93 stallholder permits in accordance with Council's Local Law and 23 event permits in accordance with the *Health (Public Buildings) Regulations 1992*. Some of the events approved included the Avon Descent, Avon River Festival, Northam Agricultural Show, Circus Royale, British Auto Extravaganza, Supreme Sheep Dog Championships, Pipeline Challenge, Wundowie Iron Festival and the Flying 50's.

For the year 2016/17, there were 97 food businesses registered in the Shire of Northam which are regularly inspected by the Shire's Environmental Health Officers (EHO's), 35 approvals issued for the installation of new effluent disposal systems and 34 permits to use the systems. Plans and prior approvals are required for new systems and a Permit to Use is issued once the system is installed.



## Health (cont)

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*. 89 public pool water samples were submitted for testing in 2016/17 which all complied with the Department of Health's Guidelines.

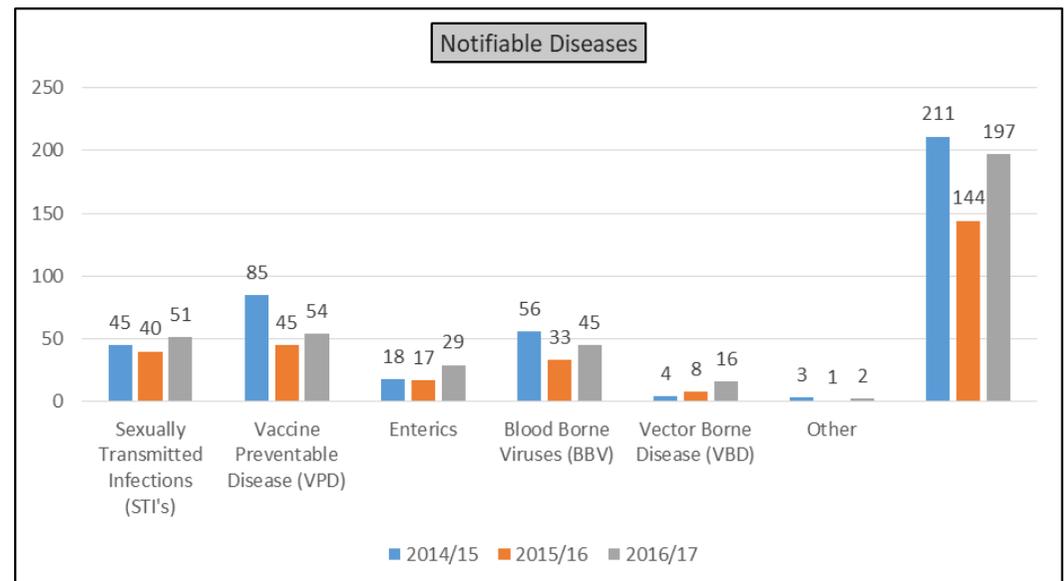
Similarly 42 recycled water samples were also sent to Pathwest for bacteriological and amoebic testing which is less than in previous years. This was due to the reclaimed water system not being operated for the entire summer period due to pump issues at the Wundowie storage dam and unusually high rainfall throughout February 2017.

The Health Department of Western Australia has reported 197 disease notifications within the Shire of Northam from 1 July 2016 to 30 June 2017, being 53 more than the previous year. These results indicate 54 Vaccine Preventable Diseases (VPD) which is approximately 36.5% decline from the 2014/15 year, however is still a slight increase of 16.7% from 2015/16.

There was 45 Blood Borne Viruses (BBV) which is which is approximately half way between the 56 cases in 2014/15 and 33 cases in 2015/16 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 2016/17 year were Chlamydia 45 notifications, Influenza 39 notifications, Hepatitis C 31 notifications, Campylobacter 18 notifications, Ross River Virus 15 notifications and Hepatitis B 14 notifications.

Of the 15 notifiable Ross River Virus cases and 1 Barmah Forest Virus cases 3 residents reported they acquired the infections outside of the Shire of Northam, 2 cases are uncertain as the general practitioners did not return the notifications form and 6 questionnaires were not returned by clients and 1 questionnaire returned to sender. It is therefore deducted that at least 2 cases of Ross River Virus was contracted in the Shire of Northam in the 2016/17.



# Bushfire Mitigation and Emergency Services

The Shire of Northam has over 400 Bushfire and SES Volunteers in the Shire. We attended over 100 fire and related incidents in 2016/17.

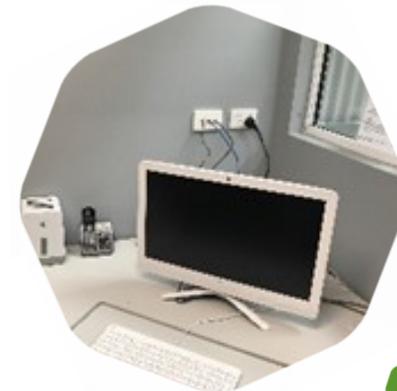
Through the Department of Fire and Emergency Services (DFES) Emergency Services Levy (ESL) the Shire issued desktop computers, modems, internet connection and a colour printer scanners to each eligible Bushfire Brigade (BFB) station. The Southern Brook BFB installed a telephone land line and mobile phone booster to provide signal in the building where there was none prior. In addition, two pumps to assist in draughting water out of dams were procured.

Personal Protective Equipment (PPE) was brought up to a standard across the brigades with many members receiving new helmets and torches. PPE registers are now complete with the age and serial number recorded of all allocated PPE. Aging firefighting equipment was repaired or replaced to working order. The Inkpen 2.4 fire truck received a full refurbishment with panel and paint and new decals. Two new appliances were received being a new Light tanker for Irishtown and Grass Valley receiving a new truck. Many of the appliances also went back to DFES workshops to receive upgrades and refits to include the Crew Protection System including "in-cab" air and water deluge systems which are additional safety measures for crew protection. The Chief Bushfire Control Officer vehicle provided by the Shire received numerous upgrades to make it as productive as possible as an Incident Control Vehicle.

The National Bushfire Mitigation Program grant has provided funding to the Shire to reduce the risk of fire within the Shire. Approximately 96km of firebreaks were installed and 13 Hazard reduction burns to high and medium risk reserves have been undertaken across 32 land parcels being either reserves vested in Council or owned freehold. A further 18 burns are planned for 2017/18 along with fire access trails spraying and slashing.

The Shires Local Emergency Management Arrangements (LEMA) were completed and accepted by the Local and State Emergency Management Committees and endorsed by Council. This document covers emergency situations with helpful local information about what we as a Shire would do in a situation. The LEMA provides emergency contacts and contractors, evacuation centres, welfare, recovery, media, risk, and animal management.

The Shire received the Gold Award for the Volunteer Employer Recognition Awards in 2016. This award was presented to the shire in recognition of our efforts in releasing our employees to assist in emergencies.



# 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, abandoned vehicles; fire hazard reduction; wildlife care and removal referrals; littering; illegal camping and caring for the Northam white swan colony.

Significant improvements have been experienced in most areas, this is attributed to a greater focus on community education to encourage greater compliance. The rangers have implemented a wide range of promotional activities 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.

The white swan colony has been located down the river near Burlong for most of the year due to the bridge re-construction. They have been monitored and supplement fed during this period. Once the bridge is completed we will see the Swans in the main Town pool.

Fire infringement statistics indicate a decrease in issued infringements which then alludes to an increase of 16% compliance by Shire residents in 2016/17. This is believed to be attributed to the dissemination of information to residents prior to the prohibited period.

We again embrace indigenous youth traineeships for local youth, work experience students from Northam Senior High School and the continued rotation of student veterinary nurses from the Muresk Central Regional 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.



## COMMUNITY SERVICES - KEY PERFORMANCE INDICATORS

Performance Area	Key Performance Indicator	Formula	Target	Actual
Growing, Caring and Healthy	Estimated Residential Population (ERP) of 13,700 for Northam Town SLA	According to ABS 3218.0 (measured annually)	Northam Population to be 20,000 by 2031	2016: 11,112 2015: 11,555 2014: 11,640
Public Safety	Reduction in Crime	Reduction in reported assaults ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	<15 <20%	219 reported in 2016/17. An increase of 14
	Reduction in Crime	Reduction in reported burglary (dwelling) ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	TBD	219 reported in 2016/17. A reduction of 61
	Reduction in Crime	Reduction in reported burglary (other) ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	TBD	59 reported in 2016/17. A reduction of 1
	Reduction in Crime	Reduction in reported graffiti ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	TBD	21 reported in 2016/17. An increase of 10
	Reduction in Crime	Reduction in reported robbery ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	TBD	7 reported in 2016/17. An increase of 2
	Reduction in Crime	Reduction in reported motor vehicle theft ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	TBD	15 reported in 2016/17. A reduction of 6
	Regular Local Emergency Management Meetings	Number of meetings held annually	4	Bushfire Advisory Committee: 3 Local Emergency Management Committee: 4
Recreation Facilities	Community Satisfaction with Council provided recreational facilities	Biennial Community Survey (2014,2016,2018 etc)	TBD	67% satisfaction.



# NATURAL ENVIRONMENT

# Waste Management

Approximately 25,733 and 5,396 tonnes of waste material was received at the Old Quarry Road and Inkpen Road Waste Management Facilities respectively, for the 2016/17 financial year.

Of the 25,733 tonnes of waste material received at the Old Quarry Road Waste Management Facility, approximately 19,326 tonnes of waste was landfilled and at the Inkpen Road Waste Management Facility, approximately 4,096 tonnes of waste was landfilled. There was also 3,061 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 2016 and May 2017 as required under the licence issued by the Department of Environment Regulation for the site. The results were acceptable to the Department of Environment Regulation.

The septage ponds to the rear of the site were individually fenced in removable panel fencing, had amendments made to the tipping areas along with the installation of additional signage at the request of Work Safe.

Approximately 1,378 vehicle tyres of various sizes, 720 tonnes of scrap metal and 10 tonnes of vehicle batteries were diverted from the landfills sites and sent away for recycling.

The Shire of Northam E-waste collection at the Old Quarry Road Waste Management Facility has been well supported by the public, with approximately 12.33 tonnes of E-waste collected for recycling, with a 98% recovery rate.

The Shire's waste oil receipt facilities at the both landfill sites have allowed members of the public to dispose of used oil from residential activities. Waste oil is re-refined for reuse after removal from the site. Approximately 22,150L of waste oil was received and collected for recycling in 2016/17.

The Shire of Northam, in conjunction with DrumMuster recycled 3,342 chemical containers during the 2016/17 financial year which were collected and crushed at the Old Quarry Road Waste Management Facility. Whilst the numbers were significantly lower than last year's collection, it was considered to be due to the significantly later than normal autumn rains thus resulting in less weed spraying by farmers.

A new boundary fencing at the Inkpen Road Waste Management Facility was completed, along with signage to the recycling shed and the reciprocals moved in. The area is now more organised, easier for the site manager to monitor and the public to utilise.

Both the Old Quarry Road and Inkpen Road Waste Management Facilities had their management plans written and then endorsed by Council. The Inkpen Road Waste Management Facility also received formal approval from the Department of Environment and Regulation to receive asbestos and also had an Asbestos Management Plan approved for the facility.





The Shire of Northam has also engaged a consultant to begin the submission of a Works Approval application with the Department of Environment and Regulation to enable the construction of new waste cells and licence the solid waste collection area. It is anticipated these approvals will be obtained in the 2017/18 financial year.

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 commenced in Shire areas in August 2016 however have been underutilised by residents. The Shire of Northam's waste services area intends to promote this new service heavily in the 2017/2018 financial year to try to improve the uptake numbers to ensure residents are aware of its availability.

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 902 tonnes. All 902 tonnes of recyclables were transported to the Southern Metropolitan Regional Council (SMRC) for processing, with an 85% recyclable recovery rate.

## NATURAL ENVIRONMENT - KEY PERFORMANCE INDICATORS

Performance Area	Key Performance Indicator	Formula	Target	Actual
Waste Management	Waste diverted from landfill	Kerbside Recycling tonnes collected (minus 20% waste products) x times 1,000 to convert to kg / divided by Shire population (minus 20% population not on service)		78.06 kg per person per year.
Natural Environment	Decrease in nutrients and sediments within Town Pool	Water sampling (Dept of Water)	Having a healthy town pool. Having a full town pool	Not available.
Water Resources	Decrease in annual Council water consumption	Comparison of water used from June to June.	Reduction	2016: Total Consumption (KL): 76,573 Daily Usage (KL/day): 210 2015: Total Consumption (KL): 64,091 Daily Usage (KL/day): 176



ECONOMIC

## Telecommunications

Northam is set to enter a new era of fast broadband with the official switch on of the nbn network in the region occurring during the 2016/17 period. Just eight months after nbn trucks first rolled in to town, 3,700 local homes and businesses can now experience the benefits of fast and reliable broadband through the nbn network. They join more than 500 premises on the outskirts of the townships which have been able to take advantage of nbn's fixed wireless technology since 2016. Many premises in the wider surroundings are eligible to connect to the nbn network through the Sky Muster satellite service which has been available from retailers to regional and remote Australians since April 2016.

## Pop Up Shop Concept

The Shire's 'Pop Up Shop' concept came to fruition in December 2015. Council has subleased the former Roediger Bros Butcher Shop to a number of businesses who have demonstrated an interest in establishing business within Northam. During 2016/17 the shop has displayed the Avon Valley Arts Society (AVAS).

## Visitors Centre, 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.

The Visit Northam brand is growing steadily, and is now gaining momentum as the trusted voice of tourism & events in the area. This financial year has seen the creation of an official Visit Northam logo to raise brand awareness and connection with the Shire of Northam, and also increased awareness of the #visitnortham tag on social media.

The 2015 National Ballooning Championships saw a spike in visitation numbers for the 2015/16 financial year, which has led to an apparent decrease in visitation in the 2016/17 year by comparison. This being said, we are seeing a steady increase in visitation overall year by year, and we have also seen an increase in interest from external events that are looking to host in Northam. We have again this year introduced a great deal of new stock to the Centre, which is well received by tourists.

In the past 12 months, we have been able to expend the funds granted by Tourism Western Australia as part of the Visitor Centres Sustainability Funding initiative. This funding, which was matched by Council, has enabled the Northam Visitor Centre to print a series of brochures to send out to market Northam in other destinations, and to inform visitors of attractions and events in the area. Technology use was increased in the centre with the purchase of an iPad and



kiosk for customer use, and the development of a Visit Northam app. The remaining funds were used to purchase new shelving and displays for stock and brochures, additional signage for the Visitor Centre, new televisions for in the centre, and replacement CCTV for the building.

The Tourism & Events team have begun to develop a series of self-guided tours, which are intended to be used primarily via the Visit Northam app. These tours are centred at present around the history of Northam, but are intended to encompass a range of topics as the collection grows.

As was the case last year, over the next 12 months, we will again be focussing heavily on customer service, compliance, occupational health and safety, and increased awareness of Northam as a destination, and of the Visit Northam brand. The Shire of Northam will also continue to be represented on the board of Avon Tourism.

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 2016/17 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;
- Seniors Week Silver Fair;
- Christmas on Fitzgerald (including the unveiling of new Christmas decorations);
- The planning and approval of 2017's National Ballooning Championships & Northam Balloon Fiesta;
- WA Light Aircraft Championships;
- Supreme Australia Sheepdog Championships;
- Launch of Tail End Charlie the Tractor; and
- Fedor Konyukhov round the World record set from Northam in July.

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.

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



## ECONOMIC - KEY PERFORMANCE INDICATORS

Performance Area	Key Performance Indicator	Formula	Target	Actual
Business & Investment	Unemployment Rate reduces to below WA State average	DEEWR provides statistics	Reduction	Unemployment rate: June 2017 11.4% June 2016 13.1% 5.2% higher than the State average.
	Grow Labour Force Size	DEEWR provides statistics	above 2.5% pa	-0.019% June 2017: 5,251 June 2016: 5,252
	Growth in number of businesses employing 50 or more workers with registered address in Northam LGA	ABS 8165.0 provided statistics	Growth	June 2017: N/A June 2016: 15
	Increase in Gross Regional Product (GRP)	ABS provided statistics (Statistics only provided for Gross State Product)	Growth	2016/17: Not available 2015/16: Not available 2014/15: 256,188
Regional Tourism	Number of visitors to Visitor Centre	Annual visitation counts (through door)	Growth	Increase: 578  2015/16: 10,849 2014/15: 10,271



# INFRASTRUCTURE & RESOURCES

Engineering Services is responsible for the maintenance of over 700km of roads and verges, footpaths, drainage structures, parks, public open spaces, bridges, and parking facilities.

Significant works completed in 2016 / 2017 include:

## Road Programs

The following roads were constructed a part of the Council endorsed annual roads program.

### Asphalt Resurfacing Works

- Strickland Avenue;
- Perina Place;
- Lawley Avenue;
- Old Quarry Road;
- Lance Street;
- Queen Street;
- Wilson Street; and
- Irishtown Link Road.

### Widen and Spray Seal Works

- Southern Brook Road;
- Spencers Brook Road;
- Trimmer Road; and
- Jennapullin Road.

### Gravel Re-Sheeting

- Leaver Road;
- Chedaring Road; and
- Augustini Road.



## Bakers Hill Townsite Improvements

Construction works have commenced which will include the reconstruction and sealing of Newman Street, Bedford Street and the closure of Yates Street. New footpaths will be constructed along the verge of Great Eastern Highway as well as formalisation of on street parking. The projected has been a collaborative approach with Main Roads Wheatbelt Region aimed at providing a safer traffic environment within the townsite and adjoining local roads.

# Footpath Construction

A total of \$356,372 was spent on footpath construction or renewal works within the Shire. These projects reflected priorities identified in the Shire of Northam's Local Bike Plan, and requests from the community. These included:

- Mitchell Avenue, Northam - Dual Use Path;
- Fitzgerald Street, Northam;
- Lobelia Avenue, Wundowie;
- Gregory Street, Northam; and
- Wellington Street, Northam.

# Northam Cemetery

An additional car park was constructed adjacent to the recent additional burial lot development. This will provide easier access to the ablution facilities and further burial lot developments in subsequent years.

# Avon Mall Revitalisation

Significant improvement works were completed in the Avon Mall in Northam' CBD. Shade structures were constructed, offering designs reflective of the Wheatbelt region, vibrant bench seating and park infrastructure and planter boxes - sun lounges creating a comfortable central hub for the community to gather utilise the Shire's free Wi-Fi service.

# Parks and Public Open Space Improvements

Improvements and upgrades have continued in alignment with long term programs. Works have included installation of large shade structures over play equipment in various parks, construction of athletic facilities at Henry Street Oval, upgrades of park infrastructure such as tables settings, play equipment, and footpaths.

## INFRASTRUCTURE AND RESOURCES- KEY PERFORMANCE INDICATORS

Performance Area	Key Performance Indicator	Formula	Target	Actual
Effective and efficient transport network	Asset consumption ratio (ACR)	Depreciated replacement cost of assets (written down value) divided by current replacement costs of depreciable assets.	60%	97%
	Asset sustainability ratio (ASR)	Capital expenditure on replacement or renewal of assets divided by the depreciation expense	90%	110%
	Asset renewal funding ratio	Net present value of planned capital expenditure based on current Departmental guidance on renewals over ten years divided by the net present value of the required capital expenditures on renewals over the same period.	95%	98%



# PUBLIC REALM & BUILT ENVIRONMENT

# Statutory Planning

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

The Scheme and associated local planning policies has operated satisfactorily over the 2016/17 financial year. During this time Council has also adopted the following new local planning policies: -

- Local Planning Policy No. 21—Extractive Industry;
- Local Planning Policy No. 23 – Outbuildings in the Residential & Mixed Use Zones; and
- Local Planning Policy No. 24 – Outbuildings in the Rural Residential, Rural Smallholding and Rural Zones.

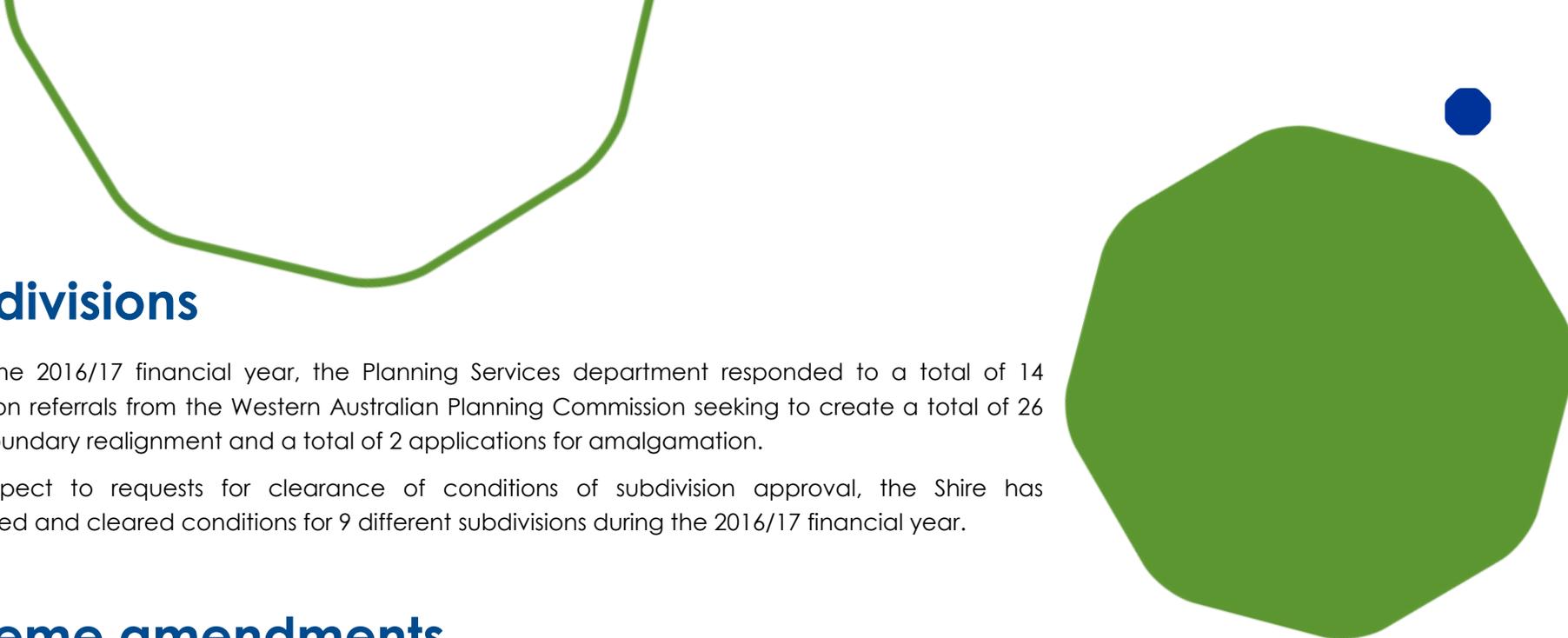
In addition to the above new Policies, Council has also undertaken a review of the following Local Planning Policies: -

- Local Planning Policy No. 11 – Tree Preservation in the Grevillea Street Subdivision Area;
- Local Planning Policy No. 12 – Animal Establishment;
- Local Planning Policy No. 13 – Ancillary Accommodation;
- Local Planning Policy No. 15 – Road and Subdivision Requirements in the Rural Residential Zone; and
- Local Planning Policy No. 19 – Residential Design Guidelines for the Rural Residential and Rural Smallholding Zones.

# Developments

During the 2016/17 financial year, the Planning Services department determined a total of 103 development applications under delegated authority from Council whereas 27 applications were determined by Council at Ordinary Council Meetings. Two (2) applications were determined by the Wheatbelt Joint Development Assessment Panel as follows:

- Solar Farm at 131 Northam-York Road; and
- Place of Worship at 55 East Street in Northam.

A decorative graphic consisting of a green line that curves across the top left, and two large, irregular green shapes on the right side of the page. One is a large, rounded polygon, and the other is a smaller, similar shape below it. A small blue circle is positioned near the top right of the larger green shape.

## Subdivisions

During the 2016/17 financial year, the Planning Services department responded to a total of 14 subdivision referrals from the Western Australian Planning Commission seeking to create a total of 26 lots, 1 boundary realignment and a total of 2 applications for amalgamation.

With respect to requests for clearance of conditions of subdivision approval, the Shire has considered and cleared conditions for 9 different subdivisions during the 2016/17 financial year.

## Scheme amendments

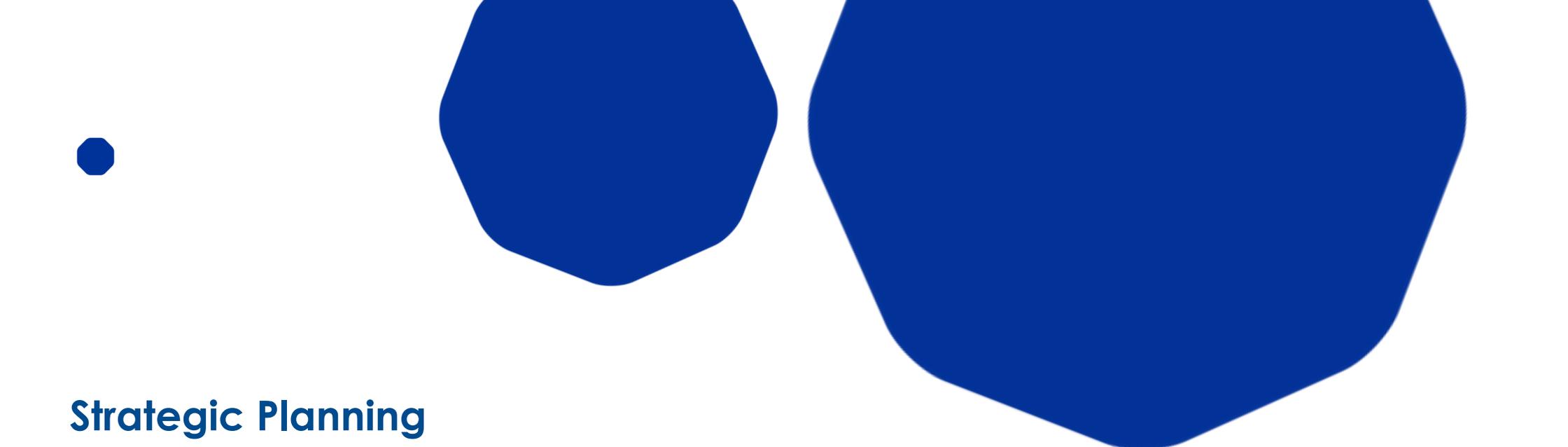
During the 2016/17 financial year, 2 scheme amendments (Amendment No's 5 and 7) to Local Planning Scheme No. 6 were gazetted and finalised.

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

Amendment No. 7 sought to rezone Lot 250 Muluckine Road, Grass Valley from 'Rural' to 'Rural Residential'.

Council also initiated the following Scheme Amendment to Local Planning Scheme No. 6 in the 2016/17 financial year:

- Amendment No. 8 - seeking to insert definitions and use classes into the Zoning Table of the Scheme for "repurposed dwelling" and second hand dwelling";
- Amendment No. 10 – seeking to rezone Lot 860 Great Eastern Highway, Malabaine from "Rural" to "Special Use" for a Truck & Travel Centre;
- Amendment 11 – seeking to rezone Part Lot 23 No.9 Jessup Terrace, Northam from "Residential R15" to "Residential R30"; and
- Amendment 12 – seeking to introduce the land use "tourist development" as an additional land use at 200-202 Duke Street, Northam.



## Strategic Planning

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

In the 2016/17 financial year, the Shire engaged TPG + Placematch to develop the Northam Town Centre Development and Connectivity Strategy ('the Strategy').

The main aim of the strategy is to create a more engaging and connected streetscape environment within the CBD of Northam, through development initiatives. Key strategies and sub-strategies are identified as critical to the successful underpinning of the Strategy which will enhance and promote Northam as a vibrant, attractive and welcoming town.

The Strategy has three key elements:

- Focuses on the revitalisation of streetscape spaces through infrastructure improvements;
- Activating and connecting key activity nodes within the town centre whilst maintaining the rich heritage character of Northam's CBD; and
- The identification of key strategies to support economic development and community cultural and recreational opportunities within the activity nodes.

The Strategy builds upon the foundational strategic planning document for the Northam Townsite, the Northam Regional Centre Growth Plan, and provides the town of Northam with key priorities for investment and development. The plan is anticipated to be completed towards the end of 2017 to assist in informing future investment in the precinct area by the Shire of Northam.

## PUBLIC REALM & BUILT ENVIRONMENT- KEY PERFORMANCE INDICATORS

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



NORTHAM WEIR

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# Awards & Recognition

## Australia Day Awards

On Australia Day Elma Rewell, Anne Christmas and the Bakers Hill Volunteer Fire Brigade were awarded the Premiers Australia Day Active Citizenships Award to recognise and thank them for investing their time and effort into our community.

## Citizenship Ceremonies

The Shire of Northam held four Citizenship Ceremonies over the 2016/17 period with 20 candidates receiving their Australian Citizenship.

## Volunteers

The Shire of Northam would like to thank all volunteers over the 2016/17 period. Their contribution plays an important role to the organisation and adds significant value to the Shire community.

## Banners in the Terrace

Wundowie Primary School submitted a banner into the 2017 Banners in the Terrace competition on behalf of the Shire of Northam. Students designed a banner based around the 2017 Convention theme, Members First.

The competition was run by the WA Local Government Association as part of its annual Convention at the Perth Convention and Exhibition Centre and included banners from 59 communities which were displayed in St Georges and Adelaide Terraces between Sunday, 23 July and Saturday, 5 August



# Statutory Reports

## Disability Access and Inclusion

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

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

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

## Freedom of Information

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

During 2016/17 the Shire received 8 applications for Freedom of Information. These requests were completed within 45 days in accordance with Section 13.3 of the *Freedom of Information Act 2000*.

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

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

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

## National Competition Policy

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

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

# Competitive Neutrality

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

# Register of Complaints

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

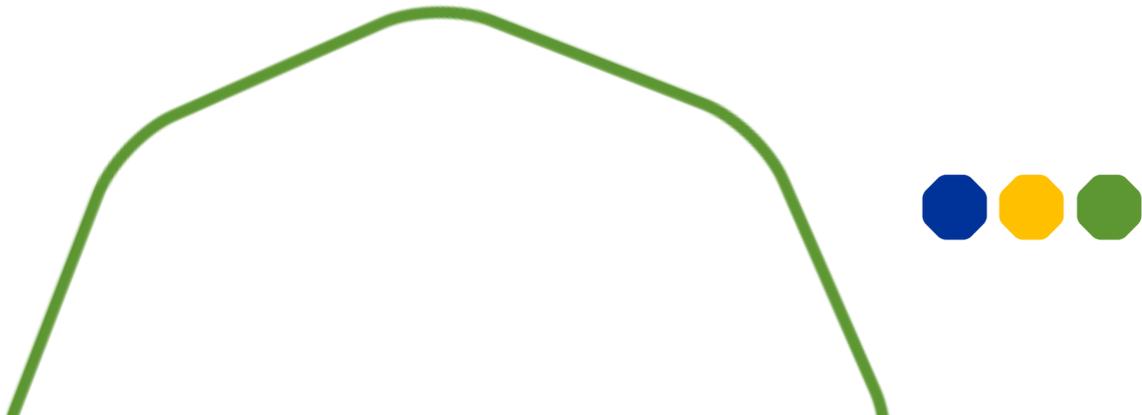
The register of complaints is to include, for each recorded complaint:

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

During the 2016/17 financial year there have been no complaints recorded that resulted in an action under LGA s5.110 (6) (b) or (c).

# Employee Remuneration

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



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

## Local Laws

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

In all there are 11 Local Laws to be reviewed over a period of six months. Two are currently at the final stage of review prior to Gazettal. The process for reviewing Shire of Northam's Local Laws began in 2016/17 and will be finalised in the 2017/18 financial year.

## State Records Act 2000

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

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

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

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



**SHIRE OF NORTHAM**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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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 2017**

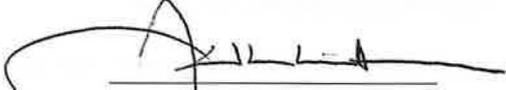
**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

2 day of November 2017

  
\_\_\_\_\_  
Jason Whiteaker  
Chief Executive Officer

**SHIRE OF NORTHAM**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	22	9,063,831	8,945,651	8,666,545
Operating grants, subsidies and contributions	29	7,110,565	5,223,542	3,729,396
Fees and charges	28	3,705,520	3,759,512	3,717,347
Interest earnings	2(a)	384,990	340,000	367,421
Other revenue	2(a)	638,743	721,854	618,899
		<u>20,903,649</u>	<u>18,990,559</u>	<u>17,099,608</u>
<b>Expenses</b>				
Employee costs		(7,744,521)	( 7,730,066)	(7,552,624)
Materials and contracts		(5,014,842)	( 6,041,964)	(5,160,216)
Utility charges		(852,878)	( 812,190)	(868,216)
Depreciation on non-current assets	2(a)	(4,037,909)	( 4,157,607)	(3,864,126)
Interest expenses	2(a)	(156,698)	( 143,380)	(156,612)
Insurance expenses		(472,293)	( 438,444)	(448,535)
Other expenditure		(417,460)	( 140,566)	(340,607)
		<u>(18,696,601)</u>	<u>( 19,464,217)</u>	<u>(18,390,936)</u>
		2,207,048	( 473,658)	(1,291,328)
Non-operating grants, subsidies and contributions	29	3,667,925	7,093,233	1,746,295
Profit on asset disposals	20	212,864	212,712	8,493
(Loss) on asset disposals	20	(266,046)	( 145,676)	(95,892)
<b>Net result</b>		<b>5,821,791</b>	<b>6,686,611</b>	<b>367,568</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(3,540,553)	0	618,484
<b>Total other comprehensive income</b>		<b>(3,540,553)</b>	<b>0</b>	<b>618,484</b>
<b>Total comprehensive income</b>		<b>2,281,238</b>	<b>6,686,611</b>	<b>986,052</b>

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 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	2(a)			
Governance		147,037	40,600	75,913
General purpose funding		14,593,275	12,747,507	10,814,481
Law, order, public safety		391,685	359,724	386,205
Health		65,740	50,000	46,842
Education and welfare		1,326,463	1,349,562	1,315,676
Housing		39,253	44,978	34,155
Community amenities		2,755,056	2,524,125	2,641,423
Recreation and culture		602,934	569,808	589,538
Transport		466,884	722,011	632,247
Economic services		413,837	528,044	493,605
Other property and services		101,485	54,200	69,523
		<u>20,903,649</u>	<u>18,990,559</u>	<u>17,099,608</u>
<b>Expenses</b>	2(a)			
Governance		(1,295,794 )	(1,247,014 )	(1,192,827)
General purpose funding		(341,373 )	(244,305 )	(291,955)
Law, order, public safety		(1,181,939 )	(1,166,417 )	(980,386)
Health		(307,756 )	(307,577 )	(306,503)
Education and welfare		(1,259,156 )	(1,422,368 )	(1,432,047)
Housing		(81,111 )	(90,621 )	(91,454)
Community amenities		(2,900,982 )	(3,517,243 )	(2,885,553)
Recreation and culture		(4,265,757 )	(4,276,860 )	(4,506,026)
Transport		(4,958,019 )	(5,061,984 )	(4,558,097)
Economic services		(1,733,545 )	(1,959,765 )	(1,740,027)
Other property and services		(214,471 )	(26,683 )	(249,449)
		<u>(18,539,903 )</u>	<u>(19,320,837 )</u>	<u>(18,234,324)</u>
<b>Finance costs</b>	2(a)			
Recreation and culture		(101,069 )	(92,632 )	(103,169)
Transport		(1,549 )	(1,412 )	(2,154)
Economic services		(54,080 )	(49,336 )	(51,289)
		<u>(156,698 )</u>	<u>(143,380 )</u>	<u>(156,612)</u>
		<u>2,207,048</u>	<u>(473,658 )</u>	<u>(1,291,328)</u>
Non-operating grants, subsidies and contributions	29	3,667,925	7,093,233	1,746,295
Profit on disposal of assets	20	212,864	212,712	8,493
(Loss) on disposal of assets	20	(266,046 )	(145,676 )	(95,892)
<b>Net result</b>		<u><b>5,821,791</b></u>	<u><b>6,686,611</b></u>	<u><b>367,568</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(3,540,553)	0	618,484
<b>Total other comprehensive income</b>		<u><b>(3,540,553)</b></u>	<u><b>0</b></u>	<u><b>618,484</b></u>
<b>Total comprehensive income</b>		<u><u><b>2,281,238</b></u></u>	<u><u><b>6,686,611</b></u></u>	<u><u><b>986,052</b></u></u>

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

**SHIRE OF NORTHAM**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	11,700,546	10,169,233
Trade and other receivables	4	2,441,368	2,223,094
Inventories	5	631	35,885
<b>TOTAL CURRENT ASSETS</b>		<u>14,142,545</u>	<u>12,428,212</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	547,357	410,285
Property, plant and equipment	6	55,833,183	57,171,820
Infrastructure	7	145,527,705	144,424,083
<b>TOTAL NON-CURRENT ASSETS</b>		<u>201,908,245</u>	<u>202,006,188</u>
<b>TOTAL ASSETS</b>		<u>216,050,790</u>	<u>214,434,400</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,516,538	2,216,031
Current portion of long term borrowings	9	224,611	209,878
Provisions	10	1,049,952	1,007,320
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,791,101</u>	<u>3,433,229</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	2,011,062	2,091,882
Provisions	10	248,832	190,732
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,259,894</u>	<u>2,282,614</u>
<b>TOTAL LIABILITIES</b>		<u>5,050,995</u>	<u>5,715,843</u>
<b>NET ASSETS</b>		<u>210,999,795</u>	<u>208,718,557</u>
<b>EQUITY</b>			
Retained surplus		84,238,303	78,255,231
Reserves - cash backed	11	5,472,789	5,634,070
Revaluation surplus	12	121,288,703	124,829,256
<b>TOTAL EQUITY</b>		<u>210,999,795</u>	<u>208,718,557</u>

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

**SHIRE OF NORTHAM**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		<b>77,362,210</b>	<b>6,159,523</b>	<b>124,210,772</b>	<b>207,732,505</b>
Comprehensive income					
Net result		367,568	0	0	367,568
Changes on revaluation of assets	12	0	0	618,484	618,484
Total comprehensive income		<u>367,568</u>	<u>0</u>	<u>618,484</u>	<u>986,052</u>
Transfers from/(to) reserves		525,453	(525,453)	0	0
		<u>525,453</u>	<u>(525,453)</u>	<u>0</u>	<u>0</u>
<b>Balance as at 30 June 2016</b>		<b>78,255,231</b>	<b>5,634,070</b>	<b>124,829,256</b>	<b>208,718,557</b>
Comprehensive income					
Net result		5,821,791	0	0	5,821,791
Changes on revaluation of assets	12	0	0	(3,540,553)	(3,540,553)
Total comprehensive income		<u>5,821,791</u>	<u>0</u>	<u>(3,540,553)</u>	<u>2,281,238</u>
Transfers from/(to) reserves		161,281	(161,281)	0	0
		<u>161,281</u>	<u>(161,281)</u>	<u>0</u>	<u>0</u>
<b>Balance as at 30 June 2017</b>		<b><u>84,238,303</u></b>	<b><u>5,472,789</u></b>	<b><u>121,288,703</u></b>	<b><u>210,999,795</u></b>

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

**SHIRE OF NORTHAM**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		8,604,977	8,645,651	8,350,070
Operating grants, subsidies and contributions		7,346,578	5,223,542	4,380,692
Fees and charges		3,705,522	3,759,512	3,637,027
Interest earnings		384,990	340,000	367,421
Goods and services tax		1,320,734	300,000	1,113,047
Other revenue		638,743	721,853	618,899
		<u>22,001,544</u>	<u>18,990,559</u>	<u>18,467,156</u>
<b>Payments</b>				
Employee costs		(7,696,678)	(7,730,066)	(7,584,755)
Materials and contracts		(5,637,220)	(6,161,783)	(4,298,084)
Utility charges		(852,878)	(812,191)	(868,216)
Interest expenses		(161,170)	(143,380)	(152,096)
Insurance expenses		(472,293)	(438,444)	(448,535)
Goods and services tax		(1,327,889)	(300,000)	(1,108,740)
Other expenditure		(417,462)	(140,566)	(340,607)
		<u>(16,565,590)</u>	<u>(15,726,428)</u>	<u>(14,801,033)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>5,435,954</u>	<u>3,264,131</u>	<u>3,666,123</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(3,204,507)	(8,114,860)	(1,426,606)
Payments for construction of infrastructure		(4,714,436)	(9,862,525)	(5,254,220)
Advances to community groups		(152,767)	0	0
Non-operating grants, subsidies and contributions		3,667,925	7,093,233	1,746,295
Proceeds from sale of fixed assets		312,814	501,686	232,262
Proceeds from sale of land held for resale		225,000	0	0
<b>Net cash provided by (used in) investment activities</b>		<u>(3,865,971)</u>	<u>(10,382,466)</u>	<u>(4,702,269)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(218,854)	(223,416)	(210,153)
Proceeds from self supporting loans		27,417	31,980	30,098
Proceeds from new debentures		152,767	1,650,000	0
<b>Net cash provided by (used in) financing activities</b>		<u>(38,670)</u>	<u>1,458,564</u>	<u>(180,055)</u>
<b>Net increase (decrease) in cash held</b>		1,531,313	(5,659,772)	(1,216,201)
Cash at beginning of year		10,169,233	10,141,721	11,385,434
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>11,700,546</u></u>	<u><u>4,481,949</u></u>	<u><u>10,169,233</u></u>

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

**SHIRE OF NORTHAM**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus</b>		4,006,739	4,067,761	5,811,966
		<u>4,006,739</u>	<u>4,067,761</u>	<u>5,811,966</u>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		147,037	40,600	75,913
General purpose funding		5,543,097	3,826,000	2,161,209
Law, order, public safety		394,679	359,724	386,205
Health		65,740	50,000	46,842
Education and welfare		1,326,463	1,349,562	1,315,676
Housing		39,253	44,978	34,155
Community amenities		2,755,056	2,524,125	2,641,423
Recreation and culture		812,434	772,114	589,538
Transport		467,253	732,417	639,376
Economic services		413,837	528,043	494,969
Other property and services		101,486	54,200	69,523
		<u>12,066,335</u>	<u>10,281,763</u>	<u>8,454,829</u>
<b>Expenditure from operating activities</b>				
Governance		(1,311,861)	(1,250,588)	(1,192,827)
General purpose funding		(341,373)	(254,712)	(291,955)
Law, order, public safety		(1,286,603)	(1,166,417)	(1,004,623)
Health		(325,591)	(313,092)	(309,230)
Education and welfare		(1,259,156)	(1,422,368)	(1,432,047)
Housing		(81,111)	(90,621)	(91,454)
Community amenities		(2,900,982)	(3,520,391)	(2,894,734)
Recreation and culture		(4,366,826)	(4,369,491)	(4,615,381)
Transport		(5,087,049)	(5,196,835)	(4,612,448)
Economic services		(1,787,628)	(2,009,101)	(1,792,680)
Other property and services		(214,467)	(26,683)	(249,449)
		<u>(18,962,647)</u>	<u>(19,620,299)</u>	<u>(18,486,828)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	20	(212,864)	(212,712)	(8,493)
Loss on disposal of assets	20	266,046	145,676	95,892
Movement in deferred pensioner rates (non-current)		(8,379)	0	(28,690)
Movement leave budgeted added back		250,000	0	0
Movement in employee benefit provisions (non-current)		43,651	0	7,536
Depreciation on assets	2(a)	4,037,909	4,157,607	3,864,126
<b>Amount attributable to operating activities</b>		<u>1,486,790</u>	<u>(1,180,205)</u>	<u>(289,662)</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		3,667,925	7,093,233	1,746,295
Proceeds from disposal of assets	20	312,814	501,686	232,262
Proceeds from disposal of land held for resale	20	225,000	0	0
Purchase of property, plant and equipment	6(b)	(3,204,507)	(8,114,860)	(1,426,606)
Purchase and construction of infrastructure	7(b)	(4,714,436)	(9,862,525)	(5,254,220)
<b>Amount attributable to investing activities</b>		<u>(3,713,204)</u>	<u>(10,382,466)</u>	<u>(4,702,269)</u>
<b>FINANCING ACTIVITIES</b>				
Advances to community groups		(152,767)	(150,000)	0
Repayment of debentures	21(a)	(218,854)	(223,416)	(210,153)
Proceeds from new debentures	21(a)	152,767	1,650,000	0
Proceeds from self supporting loans		27,417	31,980	30,098
Transfers to reserves (restricted assets)	11	(1,566,362)	(1,439,788)	(1,036,818)
Transfers from reserves (restricted assets)	11	1,727,643	2,761,981	1,562,271
<b>Amount attributable to financing activities</b>		<u>(30,156)</u>	<u>2,630,757</u>	<u>345,398</u>
<b>Surplus before general rates</b>		<u>(2,256,570)</u>	<u>(8,931,914)</u>	<u>(4,646,533)</u>
<b>Total amount raised from general rates</b>	22	<u>9,050,178</u>	<u>8,931,914</u>	<u>8,653,272</u>
<b>Net current assets at June 30 c/fwd. - surplus</b>	23	<u><b>6,793,608</b></u>	<u><b>0</b></u>	<u><b>4,006,739</b></u>

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

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

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

**(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) Cash and Cash Equivalents**

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

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Trade and Other Receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(d) Inventories**

***General***

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

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

***Land held for sale***

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

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

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

**(e) Fixed Assets**

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

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

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

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

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

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

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(e) Fixed Assets (Continued)**

***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.

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

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(e) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

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

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

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

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

**Income approach**

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

**Cost approach**

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

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

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

**(g) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(g) Financial Instruments (Continued)**

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

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(g) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(h) Impairment of Assets**

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

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

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

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

**(i) Trade and Other Payables**

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(j) Employee Benefits**

**Short-term employee benefits**

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

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

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

**(k) 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.

**(l) 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.

**(m) Leases**

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

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

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

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

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(n) Investment in Associates**

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

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

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

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

**(o) Interests in Joint Arrangements**

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

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

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

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

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

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

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

**(q) Superannuation**

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(r) Current and Non-Current Classification**

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

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

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

**(u) Budget Comparative Figures**

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

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

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

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

Notes:

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

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

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

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

<p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 &amp; 1049]</p>	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
Audit of the annual financial report	20,250	24,120
Assistance with the finalisation of the annual financial report 2014/15	0	1,920
Other services	25,308	12,000
<b>Depreciation</b>		
Buildings - non-specialised	62,853	67,887
Buildings - specialised	671,563	676,715
Furniture and equipment	24,505	30,357
Plant and equipment	223,362	262,344
Bushfire equipment	127,433	42,480
Infrastructure - Roads	1,557,111	1,472,176
Infrastructure - Footpaths	143,789	124,294
Infrastructure - Drainage	68,335	57,234
Infrastructure - Playground Equipment	64,224	64,224
Infrastructure - Other	580,011	564,191
Infrastructure - Streetscape	17,420	8,800
Infrastructure - Bridges and Culverts	423,604	419,725
Infrastructure - Aero	73,699	73,699
	<u>4,037,909</u>	<u>3,864,126</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 21 (a))	156,698	156,612
	<u>156,698</u>	<u>156,612</u>
<b>Rental charges</b>		
- Operating leases	11,420	11,420
	<u>11,420</u>	<u>11,420</u>
(ii) Crediting as revenue:		
<b>Significant revenue</b>		
General Purpose Funding	1,755,905	0
	<u>1,755,905</u>	<u>0</u>
This significant revenue in 2017 relates to the prepayment of the first instalment of the Financial Assistance Grant for the 2017/18 year.		
<b>Other revenue</b>		
Reimbursements and recoveries	285,621	249,173
Other	353,122	369,726
	<u>638,743</u>	<u>618,899</u>
	<b>2017</b>	<b>2017</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		<b>2016</b>
- Loans receivable - clubs/institutions	5,095	6,917
- Reserve funds	125,422	130,062
- Other funds	90,845	93,983
Other interest revenue (refer note 27)	163,628	136,459
	<u>384,990</u>	<u>367,421</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(b) Statement of Objective**

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

**COMMUNITY VISION**

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

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

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

**HOUSING**

**Objective:**

To provide and maintain elderly residents housing.

**Activities:**

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

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

**TRANSPORT**

**Objective:**

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

**Activities:**

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

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

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Conditions Over Grants/Contributions**

<b>Grant/Contribution</b>	<b>Opening Balance <sup>(1)</sup> 1/07/15 \$</b>	<b>Received <sup>(2)</sup> 2015/16 \$</b>	<b>Expended <sup>(3)</sup> 2015/16 \$</b>	<b>Closing Balance <sup>(1)</sup> 30/06/16 \$</b>	<b>Received <sup>(2)</sup> 2016/17 \$</b>	<b>Expended <sup>(3)</sup> 2016/17 \$</b>	<b>Closing Balance 30/06/17 \$</b>
<b>General purpose funding</b>							
CLGF 2011-12 FCWP	117,394	0	(48,472)	<b>68,922</b>	0	(68,922)	<b>0</b>
<b>Law, order, public safety</b>							
FESA BFB	33,100	35,000	(31,000)	<b>37,100</b>	37,639	(37,100)	<b>37,639</b>
DLG - Cat Sterilisation	9,274	0	(2,592)	<b>6,682</b>	0	(6,682)	<b>0</b>
FESA - SES	7,440	4,676	(7,440)	<b>4,676</b>	10,477	(4,676)	<b>10,477</b>
DFES - Fire Mitigation Report	25,000	0		<b>25,000</b>	48,000	(45,000)	<b>28,000</b>
<b>Health</b>							
NRM Grant	0	0	0	<b>0</b>	50,000	0	<b>50,000</b>
<b>Education and welfare</b>							
RFR Grant Fluffy Ducks	0	0	0	<b>0</b>	232,954	0	<b>232,954</b>
<b>Community amenities</b>							
Dept Reg Development & Lands	788,549	0	(495,466)	<b>293,083</b>	0	(293,083)	<b>0</b>
<b>Recreation and culture</b>							
CLGF 2012-13 Shire of Dowerin	119,660	0	(69,660)	<b>50,000</b>	0	0	<b>50,000</b>
Kidsport/Silversport	40,446	0	0	<b>40,446</b>	13,478	(40,446)	<b>13,478</b>
Town Hall Remedial Works	127,400	0	0	<b>127,400</b>		(28,977)	<b>98,423</b>
<b>Transport</b>							
Main Roads WA	93,726	0	(37,856)	<b>55,870</b>	0	0	<b>55,870</b>
DRD Royalties for Regions	1,027,386	0	0	<b>1,027,386</b>	0	(203,346)	<b>824,040</b>
WDC - Age Friendly Footpaths	40,000	0	0	<b>40,000</b>	0	0	<b>40,000</b>
RTR - Roads to Recovery Grant	0	0	0	<b>0</b>	282,453	0	<b>282,453</b>
<b>Economic services</b>							
Water Corporation	201,181	0	0	<b>201,181</b>	0	0	<b>201,181</b>
Department Communities	10,438	0	0	<b>10,438</b>	0	(10,438)	<b>0</b>
<b>Other property and services</b>							
DRD-CLGF 2012-13 Individual	472,084	0	(271,328)	<b>200,756</b>	0	(200,756)	<b>0</b>
<b>Total</b>	<b><u>3,113,078</u></b>	<b><u>39,676</u></b>	<b><u>(963,814)</u></b>	<b><u>2,188,940</u></b>	<b><u>675,001</u></b>	<b><u>(939,426)</u></b>	<b><u>1,924,515</u></b>

**Notes:**

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

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

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		4,303,242	2,346,221
Restricted		7,397,304	7,823,012
		<u>11,700,546</u>	<u>10,169,233</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	455,441	469,890
Aged accommodation reserve	11	226,123	216,266
Housing reserve	11	253,650	248,079
Office equipment reserve	11	97,417	125,130
Plant & equipment reserve	11	285,082	524,607
Road & bridgework reserve	11	66,196	99,675
Refuse site reserve	11	353,969	363,859
Regional development reserve	11	89,419	892,705
Speedway reserve	11	141,009	137,911
Community bus replacement reserve	11	52,534	31,817
Septage pond reserve	11	312,287	357,491
Killara reserve	11	236,719	149,297
Stormwater drainage projects reserve	11	28,669	28,040
Recreation & community facilities reserve	11	1,583,981	772,149
Administration office reserve	11	677,002	662,257
Council building & amenities reserve	11	8,778	33,038
River town pool dredging reserve	11	296,385	289,875
Parking facilities construction reserve	11	193,200	120,488
Art collection reserve	11	22,169	21,682
Reticulation scheme reserve	11	57,756	89,816
Election reserve	11	15,001	0
Revaluation reserve	11	20,002	0
Unspent grants	2(c)	1,924,515	2,188,940
		<u>7,397,304</u>	<u>7,823,012</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	1,890,598	1,440,123
Sundry debtors	478,800	576,778
GST receivable	178,542	171,387
Loans receivable - clubs/institutions	15,099	18,442
Accrued income	29,834	60,773
Less provision for doubtful debts	(151,505)	(99,088)
Prepaid expenditure	0	54,679
	<u>2,441,368</u>	<u>2,223,094</u>
<b>Non-current</b>		
Rates outstanding - pensioners	347,012	338,633
Loans receivable - clubs/institutions	200,345	71,652
	<u>547,357</u>	<u>410,285</u>
Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
<b>Rates outstanding</b>	<u>1,890,598</u>	<u>1,440,123</u>
Includes:		
Past due and not impaired	1,740,794	1,352,870
Impaired	<u>149,804</u>	<u>87,253</u>
<b>Sundry debtors</b>	<u>478,800</u>	<u>576,778</u>
Includes:		
Past due and not impaired	55,755	28,539
Impaired	<u>1,701</u>	<u>11,835</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and materials	631	20,385
Land held for resale - cost		
Cost of acquisition	0	15,500
	<u>631</u>	<u>35,885</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	0	9,947,600
- Independent valuation 2014 - level 3	0	5,296,000
- Independent valuation 2017 - level 2	7,293,600	0
- Independent valuation 2017 - level 3	5,028,300	0
- Additions after valuation - cost	0	14,381
	12,321,900	15,257,981
Land - vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	0	1,315,000
- Independent valuation 2017 - level 3	1,937,674	0
	1,937,674	1,315,000
	14,259,574	16,572,981
Buildings - non-specialised at:		
- Independent valuation 2014 - level 3	0	2,847,000
- Independent valuation 2017 - level 2	704,600	0
- Independent valuation 2017 - level 3	2,970,148	0
- Additions after valuation - cost	0	29,626
Buildings - non-specialised - Less: accumulated depreciation	0	(134,139)
	3,674,748	2,742,487
Buildings - specialised at:		
- Independent valuation 2014 - level 3	0	33,366,330
- Management valuation 2014 - level 3	0	372,359
- Independent valuation 2017 - level 2	306,600	0
- Independent valuation 2017 - level 3	30,607,202	0
- Additions after valuation - cost	0	416,918
Buildings - specialised - Less: accumulated depreciation	0	(1,429,372)
	30,913,802	32,726,235
Work in progress AEIC	1,154,882	0
	35,743,432	35,468,722
Total land and buildings	50,003,006	52,041,703

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Furniture and equipment at:		
- Management valuation 2016 - level 3	131,776	131,776
- Additions after valuation - cost	53,119	0
Furniture and equipment - Less: accumulated depreciation	<u>(24,505)</u>	<u>0</u>
	160,390	131,776
Plant and equipment at:		
- Management valuation 2016 - level 3	181,909	396,050
- Management valuation 2016 - level 2	2,918,231	3,127,025
- Additions after valuation - cost	1,117,578	0
Plant and equipment - Less: accumulated depreciation	<u>(223,362)</u>	<u>0</u>
	3,994,356	3,523,075
Bushfire equipment at:		
- Management valuation 2016 - level 2	1,322,705	1,475,266
- Additions after valuation - cost	480,159	0
- Less: accumulated depreciation	<u>(127,433)</u>	<u>0</u>
	1,675,431	1,475,266
	<u>55,833,183</u>	<u>57,171,820</u>

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	15,257,981	0	0	(2,936,081)	0	0	0	0	12,321,900
Land - vested in and under the control of Council	1,315,000	0	0	622,674	0	0	0	0	1,937,674
<b>Total land</b>	<b>16,572,981</b>	<b>0</b>	<b>0</b>	<b>(2,313,407)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,259,574</b>
Buildings - non-specialised	2,742,487	50,666	0	944,448	0	0	(62,853)	0	3,674,748
Work in progress AEIC	0	1,154,882							1,154,882
Buildings - specialised	32,726,235	348,103		(1,488,973)	0	0	(671,563)	0	30,913,802
<b>Total buildings</b>	<b>35,468,722</b>	<b>1,553,651</b>	<b>0</b>	<b>(544,525)</b>	<b>0</b>	<b>0</b>	<b>(734,416)</b>	<b>0</b>	<b>35,743,432</b>
<b>Total land and buildings</b>	<b>52,041,703</b>	<b>1,553,651</b>	<b>0</b>	<b>(2,857,932)</b>	<b>0</b>	<b>0</b>	<b>(734,416)</b>	<b>0</b>	<b>50,003,006</b>
Furniture and equipment	131,776	53,119	0	0	0	0	(24,505)	0	160,390
Plant and equipment	3,523,075	1,117,578	(422,935)	0	0	0	(223,362)	0	3,994,356
Bushfire equipment	1,475,266	480,159	(152,561)	0	0	0	(127,433)	0	1,675,431
<b>Total property, plant and equipment</b>	<b>57,171,820</b>	<b>3,204,507</b>	<b>(575,496)</b>	<b>(2,857,932)</b>	<b>0</b>	<b>0</b>	<b>(1,109,716)</b>	<b>0</b>	<b>55,833,183</b>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare/ available market information
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuation	June 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Market approach using recent observable market data for similar assets	Independent registered valuers	June 2017	Price per square metre
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	Market approach using recent observable market data for similar assets	Independent registered valuers	June 2017	Price per square metre
Buildings - 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
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
- Management valuation 2016	2	Market approach using recent observable market data for similar assets	Management valuation	June 2016	Market price per item
- 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
<b>Bushfire equipment</b>	2	Market approach using recent observable market data for similar assets	Management valuation	June 2016	Market price per item

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

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016
	\$	\$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Management valuation 2015 - level 3	90,231,730	90,231,730
- Additions after valuation - cost	4,975,303	2,285,604
- Impairment of assets	(682,621)	0
Infrastructure - Roads - Less: accumulated depreciation	<u>(3,029,287)</u>	<u>(1,472,176)</u>
	91,495,125	91,045,158
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	3,983,776	3,983,776
- Additions after valuation - cost	1,008,601	624,837
Infrastructure - Footpaths - Less: accumulated depreciation	<u>(268,083)</u>	<u>(124,294)</u>
	4,724,294	4,484,319
Infrastructure - Drainage		
- Management valuation 2015 - level 3	4,891,835	4,891,835
- Additions after valuation - cost	1,869,918	948,788
Infrastructure - Drainage - Less: accumulated depreciation	<u>(125,569)</u>	<u>(57,234)</u>
	6,636,184	5,783,389
Infrastructure - Playground Equipment		
- Independent valuation 2015 - level 3	590,800	590,800
Infrastructure - Playground Equipment - Less: accumulated depreciation	<u>(128,448)</u>	<u>(64,224)</u>
	462,352	526,576
Infrastructure - Other		
- Independent valuation 2015 - level 3	9,571,500	9,571,500
- Additions after valuation - cost	1,240,559	728,186
Infrastructure - Other - Less: accumulated depreciation	<u>(1,144,202)</u>	<u>(564,191)</u>
	9,667,857	9,735,495

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Infrastructure - Streetscape		
- Independent valuation 2015 - level 3	253,565	253,565
- Additions after valuation - cost	365,850	192,751
Infrastructure - Streetscape - Less: accumulated depreciation	<u>(26,220)</u>	<u>(8,800)</u>
	593,195	437,516
Infrastructure - Bridges and Culverts		
- Independent valuation 2015 - level 3	31,376,000	31,376,000
- Additions after valuation - cost	474,054	474,054
Infrastructure - Bridges & Culverts - Less: accumulated depreciation	<u>(843,329)</u>	<u>(419,725)</u>
	31,006,725	31,430,329
Infrastructure - Aero		
- Independent valuation 2015 - level 3	1,055,000	1,055,000
- Additions after valuation - cost	34,371	0
Infrastructure - Aero - Less: accumulated depreciation	<u>(147,398)</u>	<u>(73,699)</u>
	941,973	981,301
	<u>145,527,705</u>	<u>144,424,083</u>

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

The Impairment Loss relates to storm damage on roads which are recoverable by the WANDRRA program, reinstatement is expected to occur during 2017/18 at which point the impairment will be reversed, works are predominantly around the reinstatement of roads that were washed out.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	91,045,158	2,689,699	0	0	0	(682,621)	(1,557,111)	0	91,495,125
Infrastructure - Footpaths	4,484,319	383,764	0	0	0	0	(143,789)	0	4,724,294
Infrastructure - Drainage	5,783,389	921,130	0	0	0	0	(68,335)	0	6,636,184
Infrastructure - Playground Equipment	526,576	0	0	0	0	0	(64,224)	0	462,352
Infrastructure - Other	9,735,495	512,373	0	0	0	0	(580,011)	0	9,667,857
Infrastructure - Streetscape	437,516	173,099	0	0	0	0	(17,420)	0	593,195
Infrastructure - Bridges and Culverts	31,430,329	0	0	0	0	0	(423,604)	0	31,006,725
Infrastructure - Aero	981,301	34,371	0	0	0	0	(73,699)	0	941,973
<b>Total infrastructure</b>	<b><u>144,424,083</u></b>	<b><u>4,714,436</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(682,621)</u></b>	<b><u>(2,928,193)</u></b>	<b><u>0</u></b>	<b><u>145,527,705</u></b>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Footpaths</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Drainage</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Playground Equipment</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Other</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Streetscape</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Bridges and Culverts</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Aero</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF NORTHAM**  
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	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	1,224,306	1,603,808
Accrued interest on debentures	35,666	40,138
Accrued salaries and wages	63,173	41,137
ATO liabilities	0	74,925
ESL payable	2,944	10,065
Accrued expenditure	190,449	445,958
	<u>1,516,538</u>	<u>2,216,031</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	224,611	209,878
	<u>224,611</u>	<u>209,878</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	2,011,062	2,091,882
	<u>2,011,062</u>	<u>2,091,882</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2016</b>			
Current provisions	602,378	404,942	1,007,320
Non-current provisions	0	190,732	190,732
	<u>602,378</u>	<u>595,674</u>	<u>1,198,052</u>
Additional provision	0	139,874	139,874
Amounts used	(39,142)	0	(39,142)
<b>Balance at 30 June 2017</b>	<u>563,236</u>	<u>735,548</u>	<u>1,298,784</u>
<b>Comprises</b>			
Current	563,236	486,716	1,049,952
Non-current	0	248,832	248,832
	<u>563,236</u>	<u>735,548</u>	<u>1,298,784</u>

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**11. RESERVES - CASH BACKED**

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Leave reserve	469,890	10,551	(25,000)	455,441	467,474	10,010	0	477,484	494,602	10,788	(35,500)	469,890
Aged accommodation reserve	216,265	9,858	0	226,123	215,019	9,604	(13,500)	211,123	255,465	20,570	(59,770)	216,265
Housing reserve	248,079	5,571	0	253,650	246,892	5,287	0	252,179	242,782	5,297	0	248,079
Office equipment reserve	125,130	2,810	(30,523)	97,417	124,531	2,667	(30,523)	96,675	122,458	2,672	0	125,130
Plant & equipment reserve	524,607	240,727	(480,252)	285,082	521,676	241,171	(480,252)	282,595	600,754	602,065	(678,212)	524,607
Recreation reserve	0	0	0	0	0	0	0	0	18,131	448	(18,579)	0
Road & bridgework reserve	99,675	2,235	(35,714)	66,196	97,028	2,078	0	99,106	547,453	11,914	(459,692)	99,675
Refuse site reserve	363,859	65,110	(75,000)	353,969	362,732	64,707	(75,000)	352,439	228,755	155,104	(20,000)	363,859
Regional development reserve	892,704	19,977	(823,262)	89,419	888,434	19,024	(480,981)	426,477	873,645	19,059	0	892,704
Speedway reserve	137,911	3,098	0	141,009	137,252	2,939	0	140,191	134,967	2,944	0	137,911
Community bus replacement reserve	31,817	20,717	0	52,534	31,665	20,678	0	52,343	31,138	679	0	31,817
Septage pond reserve	357,491	62,873	(108,077)	312,287	355,905	62,469	0	418,374	324,006	33,485	0	357,491
Killara reserve	149,297	87,422	0	236,719	148,474	10,179	0	158,653	168,620	10,677	(30,000)	149,297
Stormwater drainage projects reserve	28,040	629	0	28,669	27,906	598	0	28,504	27,441	599	0	28,040
Recreation & community facilities reserve	772,149	892,569	(80,737)	1,583,981	768,243	847,448	(1,036,547)	579,144	810,814	17,631	(56,296)	772,149
Administration office reserve	662,257	14,745	0	677,002	658,978	14,111	(337,500)	335,589	671,050	14,638	(23,431)	662,257
Council building & amenities reserve	33,038	740	(25,000)	8,778	32,408	694	0	33,102	130,204	2,834	(100,000)	33,038
River town pool dredging reserve	289,875	6,510	0	296,385	288,488	6,177	(223,600)	71,065	283,686	6,189	0	289,875
Parking facilities construction reserve	120,488	72,712	0	193,200	119,884	72,567	(40,000)	152,451	123,583	77,696	(80,791)	120,488
Art collection reserve	21,682	487	0	22,169	21,578	462	0	22,040	21,219	463	0	21,682
Reticulation scheme reserve	89,816	12,018	(44,078)	57,756	89,575	11,918	(44,078)	57,415	48,750	41,066	0	89,816
Election reserve	0	15,001	0	15,001	0	15,000	0	15,000	0	0	0	0
Revaluation reserve	0	20,002	0	20,002	0	20,000	0	20,000	0	0	0	0
	<u>5,634,070</u>	<u>1,566,362</u>	<u>(1,727,643)</u>	<u>5,472,789</u>	<u>5,604,142</u>	<u>1,439,788</u>	<u>(2,761,981)</u>	<u>4,281,949</u>	<u>6,159,523</u>	<u>1,036,818</u>	<u>(1,562,271)</u>	<u>5,634,070</u>

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**  
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**11. RESERVES - CASH BACKED**

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave reserve	Ongoing	For the provision for employees' future liability commitments i.e. Annual leave, long service requirements and negotiated gratuities and sickness payouts. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised.
Aged accommodation reserve	Ongoing	For the provision of future capital works requirements for aged units at Kuringal Village, Wundowie and other sites within the Shire of Northam. Funds not expected to be used in a set period as further transfers to the reserve account are expected.
Housing reserve	Ongoing	This is a reserve established for future construction of Community Housing in Wundowie. Funds are not expected to be used in a set period of time.
Office equipment reserve	Ongoing	For the acquisition and upgrading of Council offices, furniture, computers and general equipment.
Plant & equipment reserve	Ongoing	For the acquisition and upgrading of the Council works plant and general equipment in accordance with the plant replacement program. Funds are not expected to be used in a set period of time as further transfers to the reserve account are expected as funds are utilised.
Recreation reserve	Closed 2014/15	For the development and improvement of recreation and sporting facilities within the Shire of Northam. Its is anticipated this reserve will be fully utilised 2015/2016.
Road & bridgework reserve	Ongoing	For the provision of upgrading of road and bridge infrastructure within the Shire of Northam. Funds not expected to be used in a set period as further transfers to the reserve account are anticipated.
Refuse site reserve	Ongoing	For the development of refuse sites and related expenditure on infrastructure and equipment, including the provision for a future replacement facility and /or site. Funds are not expected to be used in a set period as transfers to the reserve account are anticipated.
Regional development reserve	Ongoing	To provide for future projects whereby a broader range of development ideas may be required to be encouraged on a regional basis, in consultation with other stakeholders and/or Local Governments. Funds are not expected to be in a set period as future transfers to the reserve are anticipated.
Speedway reserve	Ongoing	For the provision of funds for the possible future rehabilitation works required at the Northam Speedway site on Fox Road Northam. No date has been specified for the use of this reserve.
Community bus replacement reserve	Ongoing	For the future replacement of the Shire of Northam Community Buses. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.
Septage pond reserve	Ongoing	For the future upgrades and maintenance to septic ponds and related infrastructure. Funds are not anticipated to be used in the set period as further transfers to the reserve account are anticipated.
Killara reserve	Ongoing	To provide a reserve for surplus funds from Killara operations and restricted cash for any unspent Killara grants. No date has been specified for the use of this reserve.
Stormwater drainage projects reserve	Ongoing	To provide funds for the stormwater drainage projects in the Shire. No date has been specified for the use of this reserve.
Recreation & community facilities reserve	Ongoing	For Recreation and Public facilities. 2% of the net rates levied each year are set aside for the provision of recreation and sporting facilities
Administration office reserve	Ongoing	To provide funds for the expansion or relocation of the Shire of Northam Administration Centre. No date specified for the use of this reserve.
Council building & amenities reserve	Ongoing	For the maintenance and upgrading of Council buildings and amenities. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.
River town pool dredging reserve	Ongoing	For the provision of dredging and maintenance of the River Town Pool. Funds are not expected to be used in a set period as further transfers are anticipated.
Parking facilities construction reserve	Ongoing	For the provision of future car parking facilities. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.
Art collection reserve	Ongoing	Provision for the care and maintenance of the Shire of Northam's Art Collection, including the acquisition and disposal of artworks. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.
Reticulation scheme reserve	Ongoing	Provision for future replacement/upgrading of water reuse and reticulation infrastructure. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised.
Election reserve	Ongoing	Provision for the biannual Elections of Council.
Revaluation reserve	Ongoing	Provision for the 4 yearly revaluation of the Shires GRV properties.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**12. REVALUATION SURPLUS**

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	13,990,111	0	(544,525)	(544,525)	13,445,586	13,990,111	0	0	0	13,990,111
Land	14,678,255	0	(2,313,407)	(2,313,407)	12,364,848	14,678,255	0	0	0	14,678,255
Plant and equipment	368,708	0	0	0	368,708	505,738	0	(137,030)	(137,030)	368,708
Bushfire equipment	1,074,141	0	0	0	1,074,141	318,627	755,514	0	755,514	1,074,141
Roads	61,612,861	0	(682,621)	(682,621)	60,930,240	61,612,861	0	0	0	61,612,861
Other Infrastructure	4,991,681	0	0	0	4,991,681	4,991,681	0	0	0	4,991,681
Streetscape	27,232,861	0	0	0	27,232,861	27,232,861	0	0	0	27,232,861
Bridges & culverts	289,838	0	0	0	289,838	289,838	0	0	0	289,838
Playground equipment	590,800	0	0	0	590,800	590,800	0	0	0	590,800
	<u>124,829,256</u>	<u>0</u>	<u>(3,540,553)</u>	<u>(3,540,553)</u>	<u>121,288,703</u>	<u>124,210,772</u>	<u>755,514</u>	<u>(137,030)</u>	<u>618,484</u>	<u>124,829,256</u>

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

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

**(a) Reconciliation of Cash**

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

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and cash equivalents	<u>11,700,546</u>	<u>4,481,949</u>	<u>10,169,233</u>

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

Net result	5,821,791	6,686,611	367,568
Non-cash flows in Net result:			
Depreciation	4,037,909	4,157,607	3,864,126
(Profit)/Loss on sale of asset	262,682	(67,036)	87,399
Provision for bad debts	52,417	0	0
(Profit)/Loss on sale of land held for resale	(209,500)	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(282,413)	89,190	258,808
(Increase)/Decrease in inventories	19,754	10,174	9,837
Increase/(Decrease) in payables	(699,493)	(619,182)	640,550
Increase/(Decrease) in provisions	100,732	100,000	184,130
Grants contributions for the development of assets	<u>(3,667,925)</u>	<u>(7,093,233)</u>	<u>(1,746,295)</u>
Net cash from operating activities	<u>5,435,954</u>	<u>3,264,131</u>	<u>3,666,123</u>

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	<u>(5,265)</u>	<u>(678)</u>
<b>Total amount of credit unused</b>	<u>109,735</u>	<u>114,322</u>
<b>Loan facilities</b>		
Loan facilities - current	224,611	209,878
Loan facilities - non-current	<u>2,011,062</u>	<u>2,091,882</u>
<b>Total facilities in use at balance date</b>	<u>2,235,673</u>	<u>2,301,760</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

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

The Shire has no contingent liabilities as at 30 June 2017.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Payable:		
- not later than one year	11,420	11,420
- later than one year but not later than five years	34,261	45,681
- later than five years	0	0
	<u>45,681</u>	<u>57,101</u>

**(b) Capital Expenditure Commitments**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	4,319,478	516,090
Payable:		
- not later than one year	4,319,478	516,090

The Commitment at 30 June 2017 relates to:

Tendered contracts in place for Aboriginal Environmental Interpretive Centre (\$3,624,989), funded by a \$1,680,000 Grant from the National Stronger Regions Fund and \$2,000,000 from Lotterywest.

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

The commitment at 30 June 2016 relates to:

Tendered Contract in place for the Bernard Park Drainage Project.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. JOINT VENTURE ARRANGEMENTS**

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
Land and buildings-fair Value (30 June 2017)	1,062,175	807,627
Other Infrastructure-fair value (30 June 2015)	12,000	12,000
Less: accumulated depreciation	<u>(1,772)</u>	<u>(28,311)</u>
	<u><u>1,072,403</u></u>	<u><u>791,316</u></u>

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	3,676,782	5,882,741
General purpose funding	2,616,924	1,778,756
Law, order, public safety	3,663,320	2,795,306
Health	179,311	141,182
Education and welfare	4,421,966	4,579,145
Housing	1,305,653	1,009,630
Community amenities	2,071,385	1,552,588
Recreation and culture	34,057,992	34,700,130
Transport	142,268,999	138,930,160
Economic services	4,616,350	2,959,873
Other property and services	553,056	465,000
Unallocated	<u>16,619,052</u>	<u>19,639,889</u>
	<u><u>216,050,790</u></u>	<u><u>214,434,400</u></u>

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	2017	2016	2015
<b>18. FINANCIAL RATIOS</b>			
Current ratio	2.89	1.55	2.14
Asset sustainability ratio	1.10	0.91	0.73
Debt service cover ratio	16.90	7.20	1.97
Operating surplus ratio	0.16	(0.11)	(0.02)
Own source revenue coverage ratio	0.72	0.70	0.69

The above ratios are calculated as follows:

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

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 62 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017, this increased revenue by \$1,755,905.

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

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

The Debt Service Cover and Operating Surplus ratios as disclosed above were distorted by an item of significant expense being the loss on revaluation of fixed assets amounting to \$2,540,851 in 2015.

The Debt Service Cover ratio as disclosed above was distorted by early repayment of loans totalling \$1,369,028 during 2015.

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

	2017	2016	2015
Current ratio	2.14	1.55	1.35
Debt service cover ratio	12.23	11.83	7.29
Operating surplus ratio	0.03	0.02	0.05

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**19. TRUST FUNDS**

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Town hall bond	1,000	600	(500)	1,100
Lesser hall bond	900	600	(1,100)	400
POS cash in lieu	346,149	8,332	(97,947)	256,534
Bonds building	35,500	0	(10,000)	25,500
Crossovers bond	85,392	0	(21,500)	63,892
Recreation centre bonds	400	0	0	400
Facilities bonds	42,219	1,407	(24,619)	19,007
Footpath/kerbing deposit	100,500	38,000	(48,000)	90,500
Retentions	131,974	59,846	(85,149)	106,671
Sundry trust	13,310	143,650	(99,100)	57,860
Standpipe key	7,300	950	(200)	8,050
Resited dwelling	37,200	651	(6,000)	31,851
Deposits extractive industries	268,075	6,974	(37,263)	237,787
Other	16,612	0	(5,919)	10,692
AROC	0	129,252	(8,250)	121,002
BCITF	0	88,490	(88,123)	368
BRB	0	80,756	(80,443)	313
Animal traps bonds	130	606	(506)	230
Storm damage donations	175	0	0	175
	<u>1,086,836</u>			<u>1,032,331</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
PN1315 N4082 Mazda CX9 AWD CEO Vehicle	41,929	35,000	0	(6,929)	35,742	35,000	0	(742)
PN1313 N10931 Subaru Outback 2.5I AWD	31,866	22,727	0	(9,139)	27,832	25,000	0	(2,832)
PN1223 Holden Colorado(N.4021) Snr Ranger Ute	21,463	24,457	2,994	0	0	0	0	0
2002 Toyota Landcruiser (1DAB- 318) Irishtown	114,465	28,352	0	(86,113)	0	0	0	0
3.4 Rural Appliance 1997 Grass Valley(N.1562)	38,096	19,545	0	(18,551)	0	0	0	0
PN1402 N.333 Ford Territory TX RWD 2.7L 2014	29,585	18,182	0	(11,403)	29,015	23,500	0	(5,515)
PN1403 N9467 Toyota Rav 4 Wagon	20,067	13,636	0	(6,431)	20,048	16,900	0	(3,148)
PN0917 N003 Fuso Canter Dual Cab 4T	41,500	20,455	0	(21,045)	45,297	28,000	0	(17,297)
PN0914 N007 Fuso Fighter 9T	63,000	39,091	0	(23,909)	76,000	50,000	0	(26,000)
PN5013 Caterpillar Skid Steer	25,025	18,000	0	(7,025)	24,000	5,500	0	(18,500)
PN1709 N1709 Multi Roller	43,798	12,000	0	(31,798)	43,748	5,000	0	(38,748)
PN0819 N5413 Afron Cherry Picker Trailer	1,227	547	0	(680)	1,250	9,580	8,330	0
PN0818 Afron Elevated Work Platform	25,000	7,979	0	(17,021)	0	0	0	0
PN5066 Road Broom 2003	2,200	2,570	370	0	12,323	1,500	0	(10,823)
PN2123 Husqvarna Ride on Reel Mower	0	0	0	0	0	1,000	1,000	0
PN2482 Trailer Bobcat 4.5T	0	0	0	0	1,424	2,500	1,076	0
PN001 Papas Box Top Trailer	0	0	0	0	1,100	500	0	(600)
P542 Howard Procut Mower 210 2008	0	0	0	0	4,049	1,500	0	(2,549)
PN1004 N5461 Bobcat Trailer 4.5T	7,044	3,000	0	(4,044)	7,997	5,000	0	(2,997)
PN1404 N1072 Isuzu Stsdn 2014 Ex Mgr Work Serv	35,280	26,364	0	(8,916)	34,860	32,000	0	(2,860)
PN1308 N4099 Toyota Hilux 2.7I Petrol Ute	0	0	0	0	13,422	9,000	0	(4,422)
PN1401 N10938 Mazda BT50 T Top Ute	0	0	0	0	17,314	10,000	0	(7,314)
PN1409 N11069 Mitsubishi ASX 2.5I Premium	20,419	14,545	0	(5,874)	23,729	22,400	0	(1,329)
PN1205 N10709 Toyota Hilux Utility -Reticulation	13,532	6,364	0	(7,168)	0	0	0	0
	<b>575,496</b>	<b>312,814</b>	<b>3,364</b>	<b>(266,046)</b>	<b>(195,469)</b>	<b>283,880</b>	<b>10,406</b>	<b>(145,676)</b>
<b>Land held for resale</b>	<b>15,500</b>	<b>225,000</b>	<b>209,500</b>	<b>0</b>	<b>15,500</b>	<b>217,806</b>	<b>202,306</b>	<b>0</b>
<b>Total</b>	<b>590,996</b>	<b>537,814</b>	<b>212,864</b>	<b>(266,046)</b>	<b>(179,969)</b>	<b>501,686</b>	<b>212,712</b>	<b>(145,676)</b>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	Repayments	Repayments	Repayments
	2016		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>								
Loan 223 Recreation Facilities	476,699	0	108,723	108,724	367,976	367,975	27,526	27,265
Loan 224 Recreation Facilities	940,058	0	38,622	38,622	901,436	901,436	66,098	60,300
<b>Transport</b>								
Loan 221 Airstrip Upgrade	25,770	0	12,491	12,491	13,279	13,279	1,549	1,412
<b>Economic services</b>								
Loan 225 Victoria Oval Purchase	769,138	0	31,600	31,600	737,538	737,538	54,080	49,336
	2,211,665	0	191,436	191,437	2,020,229	2,020,228	149,253	138,314
<b><u>Self Supporting Loans</u></b>								
<b>Recreation and culture</b>								
Loan 208 Northam Country Club	20,351	0	5,293	5,292	15,058	15,059	1,441	1,402
Loan 219A Northam Bowling Club	69,744	152,767	22,125	26,687	200,386	193,056	6,004	3,664
	90,095	152,767	27,418	31,979	215,444	208,115	7,445	5,066
	2,301,760	152,767	218,854	223,416	2,235,673	2,228,343	156,698	143,380

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**21. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total	Interest Rate	Amount Used		Balance Unspent
	Actual	Budget				Interest & Charges		Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Loan 219A Northam Bowling Club (refinanced existing loan plus \$152,757)	152,767	150,000	Treasury	Fixed	10	36,966	3.18%	200,386	150,000	0
	<u>152,767</u>	<u>150,000</u>				<u>36,966</u>		<u>200,386</u>	<u>150,000</u>	<u>0</u>

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rates</b>											
<b>Gross rental value valuations</b>											
GRV-Townsites Residential	9.2982	3,906	55,017,563	5,115,643	123,846	(4,925)	5,234,564	5,115,643	44,970	600	5,161,213
GRV-Northam Commercial/Industrial	10.2850	254	12,944,272	1,331,318	0		1,331,318	1,331,318	1,000	100	1,332,418
<b>Unimproved value valuations</b>											
Agricultural Local	0.5841	396	137,057,030	800,550	0	0	800,550	800,550	5,000	100	805,650
Agricultural Regional	0.4840	169	105,301,000	509,657	0	0	509,657	509,657	5,000	100	514,757
Rural Small Holdings	0.6974	73	14,574,003	101,639	0	0	101,639	101,639	3,000	100	104,739
<b>Sub-Total</b>		4,798	324,893,868	7,858,807	123,846	(4,925)	7,977,728	7,858,807	58,970	1,000	7,918,777
<b>Minimum payment</b>	<b>Minimum</b> <b>\$</b>										
<b>Gross rental value valuations</b>											
GRV-Townsites Residential	890	931	4,519,526	828,590	0	0	828,590	828,590	0	0	828,590
GRV-Northam Commercial/Industrial	890	55	220,325	48,950	0	0	48,950	48,950	0	0	48,950
<b>Unimproved value valuations</b>											
Agricultural Local	890	48	2,586,172	42,720	0	0	42,720	42,720	0	0	42,720
Agricultural Regional	890	161	22,338,339	143,290	0	0	143,290	143,290	0	0	143,290
Rural Small Holdings	890	10	1,233,997	8,900	0	0	8,900	8,900	0	0	8,900
<b>Sub-Total</b>		1,205	30,898,359	1,072,450	0	0	1,072,450	1,072,450	0	0	1,072,450
		<b>6,003</b>	<b>355,792,227</b>	<b>8,931,257</b>	<b>123,846</b>	<b>(4,925)</b>	<b>9,050,178</b>	<b>8,931,257</b>	<b>58,970</b>	<b>1,000</b>	<b>8,991,227</b>
Discounts/concessions (refer note 26)							0				(59,313)
<b>Total amount raised from general rates</b>							<b>9,050,178</b>				<b>8,931,914</b>
Specified Area Rate (refer note 24)							0				0
Ex-gratia rates							13,653				13,737
<b>Totals</b>							<b>9,063,831</b>				<b>8,945,651</b>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**23. NET CURRENT ASSETS**

Composition of net current assets

	2017	2017	2016
	(30 June 2017	(1 July 2016	(30 June 2016
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
<b>Surplus 1 July 16 brought forward</b>	<u>6,793,608</u>	<u>4,006,739</u>	<u>4,006,739</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	4,303,242	2,346,221	2,346,221
Restricted	7,397,304	7,823,012	7,823,012
Receivables			
Rates outstanding	1,890,598	1,440,123	1,440,123
Sundry debtors	478,800	576,778	576,778
GST receivable	178,542	171,387	171,387
Loans receivable - clubs/institutions	15,099	18,442	18,442
Accrued income	29,834	60,773	60,773
Less provision for doubtful debts	(151,505 )	(99,088)	(99,088)
Prepaid expenditure	0	54,679	54,679
Inventories			
Fuel and materials	631	20,385	20,385
Land held for resale - cost	0	15,500	15,500
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(1,224,306 )	(1,603,808)	(1,603,808)
Accrued interest on debentures	(35,666 )	(40,138)	(40,138)
Accrued salaries and wages	(63,173 )	(41,137)	(41,137)
ATO liabilities	0	(74,925)	(74,925)
ESL payable	(2,944 )	(10,065)	(10,065)
Accrued expenditure	(190,449 )	(445,958)	(445,958)
Current portion of long term borrowings			
Secured by floating charge	(224,611 )	(209,878)	(209,878)
Provisions			
Provision for annual leave	(563,236 )	(602,378)	(602,378)
Provision for long service leave	(486,716 )	(404,942)	(404,942)
<b>Unadjusted net current assets</b>	<u><b>11,351,444</b></u>	<u><b>8,994,983</b></u>	<u><b>8,994,983</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(5,472,789 )	(5,634,070)	(5,634,070)
Less: Land Held for Resale, cost of acquisition	0	(15,500)	(15,500)
Less: Loans receivable - clubs/institutions	(15,099 )	(18,442)	(18,442)
Add: Secured by floating charge	224,611	209,878	209,878
Leave Reserve Cash backed	455,441	469,890	469,890
Budgeted Leave cashed back	250,000	0	0
<b>Adjusted net current assets - surplus</b>	<u><u><b>6,793,608</b></u></u>	<u><u><b>4,006,739</b></u></u>	<u><u><b>4,006,739</b></u></u>

**Difference**

There was no difference between the surplus 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus carried forward position as disclosed in the 2016 audited financial report.

The surplus calculation methodology has changed from the 2016/17 financial year it now has a portion of the budgeted leave cashed back, the cashed back portion is part of the budgeted provision not expected to be paid out during 2017/18

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates were imposed by the Shire during the year ended 2017.

**25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges were imposed by the Shire during the year ended 2017.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2016/17 FINANCIAL YEAR**

**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$
Rate Assessment	Write-off	N/A	N/A	0	59,313
				<u>0</u>	<u>59,313</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	30-Sep-16	0	0.00%	11.00%
<b>Option Two</b>				
First Instalment	30-Sep-16	0	5.50%	11.00%
Second Instalment	30-Nov-16	10		
<b>Option Three</b>				
First Instalment	30-Sep-16	0	5.50%	11.00%
Second Instalment	30-Nov-16	10		
Third Instalment	30-Jan-17	10		
Fourth Instalment	30-Mar-17	10		

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	132,212	90,000
Interest on instalment plan	31,416	28,000
Charges on instalment plan	38,180	36,000
	201,808	154,000

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>28. FEES &amp; CHARGES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	0	408
General purpose funding	32,599	74,731
Law, order, public safety	79,014	83,465
Health	34,556	36,678
Education and welfare	75,384	66,832
Housing	38,744	33,672
Community amenities	2,719,723	2,594,825
Recreation and culture	320,931	322,657
Transport	55,231	87,459
Economic services	349,234	412,667
Other property and services	104	3,953
	<u>3,705,520</u>	<u>3,717,347</u>

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

**29. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	60,000	
General purpose funding	5,082,310	1,668,784
Law, order, public safety	214,810	205,826
Education and welfare	1,183,784	1,181,390
Community amenities	25,000	
Recreation and culture	263,252	251,640
Transport	249,385	373,823
Economic services	32,024	47,933
	<u>7,110,565</u>	<u>3,729,396</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	766,508	102,715
Education and welfare	236,075	0
Recreation and culture	720,000	49,657
Transport	1,945,342	1,369,361
Economic services	0	224,562
	<u>3,667,925</u>	<u>1,746,295</u>
	<u>10,778,490</u>	<u>5,475,691</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**30. EMPLOYEE NUMBERS**

	<b>2017</b>	<b>2016</b>
The number of full-time equivalent employees at balance date	99	98

**31. ELECTED MEMBERS REMUNERATION**

	<b>2017</b>	<b>2017 Budget</b>	<b>2016</b>
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting fees	201,350	201,350	176,843
President's allowance	45,000	45,000	36,636
Deputy President's allowance	11,250	11,250	9,159
Travelling expenses	29,065	16,000	16,164
ICT expenses	31,188	35,000	33,816
	317,853	308,600	272,618

**32. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

	<b>2017</b>
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	844,872
Post-employment benefits	81,403
Other long-term benefits	19,390
Termination benefits	0
	945,665

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Termination benefits**

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

**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. 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.

*iii. Joint venture entities accounted for under the equity method*

The Shire has an aged housing arrangement with the Department of Housing . The interest in the joint venture entity is accounted for in these financial statements.  
For details of interests held in joint arrangements refer to Note16.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**32. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

The following transactions occurred with related parties:

**2017**

**\$**

**Associated companies/individuals:**

Sale of goods and services

419

Purchase of goods and services

3,944

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**33. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**35. FINANCIAL RISK MANAGEMENT**

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

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

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

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

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	11,700,546	10,169,233	11,700,546	10,169,233
Receivables	2,988,725	2,633,379	2,988,725	2,633,379
	<u>14,689,271</u>	<u>12,802,612</u>	<u>14,689,271</u>	<u>12,802,612</u>
<b>Financial liabilities</b>				
Payables	1,516,538	2,216,031	1,516,538	2,216,031
Borrowings	2,235,673	2,301,760	2,635,722	2,611,826
	<u>3,752,211</u>	<u>4,517,791</u>	<u>4,152,260</u>	<u>4,827,857</u>

Fair value is determined as follows:

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

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

**(a) Cash and Cash Equivalents**

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

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

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

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	117,005	101,692
- Statement of Comprehensive Income	117,005	101,692

*Notes:*

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

**SHIRE OF NORTHAM**  
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**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	88%	93%
- Overdue	12%	7%

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

**(c) Payables**

**Borrowings**

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

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2017</u></b>					
Payables	1,516,538	0	0	1,516,538	1,516,538
Borrowings	<u>361,054</u>	<u>1,062,267</u>	<u>1,676,625</u>	<u>3,099,946</u>	<u>2,235,673</u>
	<u>1,877,592</u>	<u>1,062,267</u>	<u>1,676,625</u>	<u>4,616,484</u>	<u>3,752,211</u>
<b><u>2016</u></b>					
Payables	2,216,031	0	0	2,216,031	2,216,031
Borrowings	<u>366,796</u>	<u>1,203,643</u>	<u>1,798,580</u>	<u>3,369,019</u>	<u>2,301,760</u>
	<u>2,582,827</u>	<u>1,203,643</u>	<u>1,798,580</u>	<u>5,585,050</u>	<u>4,517,791</u>

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

**(c) Payables**

**Borrowings (continued)**

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

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

	<u>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<b>Weighted Average Effective Interest Rate</b>
	\$	\$	\$	\$	\$	\$	\$	%
<b><u>Year ended 30 June 2017</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	13,279	0	383,034	0	1,839,360	2,235,673	6.15%
Weighted average Effective interest rate	0.00%	6.22%	0.00%	6.12%	0.00%	6.12%		
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	25,771	69,743	497,049	0	1,709,197	2,301,760	6.09%
Weighted average Effective interest rate	0.00%	6.22%	5.90%	6.12%	0.00%	6.48%		

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

### *Opinion on the Audit of the Financial Report*

We have audited the accompanying financial report of the Shire of Northam (the Shire), which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

### *Basis for Opinion*

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

### *Report on Other Legal and Regulatory Requirements*

During the course of the audit we became aware of the following instance where the Shire did not comply with the Local Government (Financial Management) Regulations 1996 (as amended):

#### **Annual Financial Report**

The annual financial report for the year ended 30 June 2016 was not submitted to the Department of Local Government within 30 days of receiving the auditor's report as required by Local Government (Financial Management) Regulation 51(2).

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as noted above, no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 62 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not supported by:
  - i) verifiable information; and
  - ii) reasonable assumptions.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

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

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

### *Responsibilities of Management and Council for the Financial Report*

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

In preparing the financial report, management 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.

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



GREG GODWIN  
PARTNER

Date: 2 November 2017  
Perth, WA

**SHIRE OF NORTHAM  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2017**

**RATIO INFORMATION**

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

	2017	2016	2015
Asset consumption ratio	0.97	0.98	0.92
Asset renewal funding ratio	0.98	0.98	0.99

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
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Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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2 November 2017

The Shire President  
Shire of Northam  
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## MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2017

We advise that we have completed our audit procedures for the year ended 30 June 2017 and enclose our Audit Report.

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

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

## COMMENT ON RATIOS

Ratios provide useful information when compared to industry and internal benchmarks and assist in identifying trends. Whilst not conclusive in themselves, understanding ratios, their trends and how they interact is beneficial for the allocation of scarce resources and planning for the future. Information relating to the statutory ratios disclosed in the financial report is summarised in the table below and commentary provided on the following pages.

	Target Ratio <sup>1</sup>	Actual 2017	Council's Adjusted Ratios					Council's 5 Year Trend <sup>2</sup>	5 Year Average <sup>3</sup>	
			2017	2016	2015	2014	2013		Regional	State
Current Ratio	≥ 1	2.89	2.14*	1.55	1.35*	1.48	1.18	↑	2.33	2.22
Asset Sustainability Ratio	≥ 1.1	1.10	1.10	0.91	0.73	0.68	1.24	↑	1.31	1.18
Debt Service Cover Ratio	≥ 10	16.90	12.23*	11.83*	7.29*	2.90	3.36	↑	10.37	12.41
Operating Surplus Ratio	≥ 0.15	0.16	0.03*	0.02*	0.05*	(0.12)	0.12	↑	(0.18)	(0.11)
Own Source Revenue Coverage Ratio	≥ 0.9	0.72	0.72	0.70	0.69	0.71	0.63	↑	0.54	0.67
Asset Consumption Ratio	≥ 0.75	0.97	0.97	0.98	0.92	0.75	0.77	↑	0.79	0.73
Asset Renewal Funding Ratio	≥ 1.05	0.98	0.98	0.98	0.99	0.92	0.80	↑	0.97	0.94

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

<sup>2</sup> The 5 year trend compares the adjusted 2017 ratios to the average of the adjusted ratios for the last 5.

<sup>3</sup> The average in relation to the Regional and State comparisons is a 4 year average of 2013, 2014, 2015 and 2016.

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

## COMMENT ON RATIOS (CONTINUED)

### Adjustment relating to 2017

Three of the ratios in the accompanying table were distorted by an item of significant revenue relating to the early payment of 2017/18 Financial Assistance Grants (FAGs) totaling \$1,755,905 received before 30 June 2017. The early payment of the grant increased operating revenue in 2017.

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

### Regional and State 5 Year Averages

Regional and State 5 year averages have not been adjusted for "one-off" items even though these items may have been applicable in prior years as they are based on the statutory ratios which have been reported in published financial reports. However, they still provide a useful reference point as they are indicative of a trend.

### Summary

**Overall, as a general comment, the Shire's ratio position appeared to be trending upwards over 5 years.**

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

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

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

If you are interested in such an expanded report, please contact us.

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

### UNCORRECTED MISSTATEMENTS

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

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

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

Yours faithfully



Greg Godwin  
Partner  
Moore Stephens