

2025/2026

Annual Statutory Budget



SHIRE OF NORTHAM
ANNUAL BUDGET
FOR THE YEAR ENDED 30 JUNE 2026
LOCAL GOVERNMENT ACT 1995

TABLE OF CONTENTS

Statement of Comprehensive Income	3
Statement of Cash Flows	4
Statement of Financial Activity	5
Index of Notes to the Budget	6
Schedule of Fees and Charges	31

The Shire of Northam a Class 2 local government conducts the operations of a local government with the following community vision:

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

SHIRE OF NORTHAM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue		\$	\$	\$
Rates	2(a)	13,152,383	12,621,774	12,641,450
Grants, subsidies and contributions		3,875,570	5,427,836	2,636,340
Fees and charges	18	5,331,541	5,171,664	4,925,727
Interest revenue	10(a)	693,685	689,372	587,685
Other revenue		1,043,728	1,243,655	979,472
		24,096,907	25,154,301	21,770,674
Expenses				
Employee costs		(11,008,612)	(10,891,999)	(10,251,448)
Materials and contracts		(10,356,845)	(8,946,140)	(9,721,822)
Utility charges		(1,311,449)	(1,367,563)	(1,170,337)
Depreciation	6	(6,050,083)	(6,034,075)	(5,426,168)
Finance costs	10(c)	(196,759)	(226,261)	(214,242)
Insurance		(595,806)	(645,980)	(602,759)
Other expenditure		(335,701)	(376,237)	(331,341)
		(29,855,255)	(28,488,255)	(27,718,117)
		(5,758,348)	(3,333,954)	(5,947,443)
Capital grants, subsidies and contributions		7,586,420	1,494,558	5,772,989
Profit on asset disposals	5	565,959	49,777	448,664
Loss on asset disposals	5	(8,600)	(3,764)	(34,627)
		8,143,779	1,540,571	6,187,026
Total comprehensive income for the period		2,385,431	(1,793,383)	239,583

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

SHIRE OF NORTHAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

		2025/26	2024/25	2024/25
	Note	Budget	Actual	Budget
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		\$ 13,567,271	\$ 12,091,216	\$ 12,521,450
Grants, subsidies and contributions		3,795,088	6,070,461	1,708,539
Fees and charges		5,461,541	5,171,664	4,925,727
Interest revenue		693,685	689,372	587,685
Goods and services tax received		(9,241)	98,078	300,000
Other revenue		1,043,728	1,243,655	979,472
		24,552,072	25,364,446	21,022,873
Payments				
Employee costs		(10,867,963)	(10,765,647)	(10,211,448)
Materials and contracts		(11,033,384)	(9,658,920)	(9,429,671)
Utility charges		(1,311,449)	(1,367,563)	(1,170,337)
Finance costs		(196,759)	(260,720)	(214,242)
Insurance paid		(595,806)	(645,980)	(602,759)
Goods and services tax paid		0	0	(300,000)
Other expenditure		(335,701)	(376,237)	(331,341)
		(24,341,062)	(23,075,067)	(22,259,798)
Net cash provided by (used in) operating activities	4	211,010	2,289,379	(1,236,925)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5(a)	(3,983,473)	(1,269,708)	(3,741,510)
Payments for construction of infrastructure	5(b)	(12,852,544)	(3,357,311)	(9,903,318)
Capital grants, subsidies and contributions		7,586,420	1,494,558	5,772,989
Proceeds from sale of property, plant and equipment	5(a)	1,550,000	239,513	1,427,000
Proceeds on financial assets at amortised cost - self supporting loans		0	88,327	22,920
Net cash (used in) investing activities		(7,699,597)	(2,804,621)	(6,421,919)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	(495,067)	(477,583)	(477,583)
Payments for principal portion of lease liabilities	8	(12,759)	(12,759)	(12,759)
Proceeds from new borrowings	7(a)	1,000,000	0	0
Net cash provided by (used in) financing activities		492,174	(490,342)	(490,342)
Net (decrease) in cash held		(6,996,413)	(1,005,584)	(8,149,186)
Cash at beginning of year		10,315,283	11,320,867	11,320,876
Cash and cash equivalents at the end of the year	4	3,318,870	10,315,283	3,171,690

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

SHIRE OF NORTHAM
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2026

OPERATING ACTIVITIES

Revenue from operating activities

	Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
		\$	\$	\$
General rates	2(a)(i)	11,316,262	10,771,357	10,803,547
Rates excluding general rates	2(a)	1,836,121	1,850,417	1,837,903
Grants, subsidies and contributions		3,875,570	5,427,836	2,636,340
Fees and charges	18	5,331,541	5,171,664	4,925,727
Interest revenue	10(a)	693,685	689,372	587,685
Other revenue		1,043,728	1,243,655	979,472
Profit on asset disposals	5	565,959	49,777	448,664
		24,662,866	25,204,078	22,219,338

Expenditure from operating activities

Employee costs		(11,008,612)	(10,891,999)	(10,251,448)
Materials and contracts		(10,356,845)	(8,946,140)	(9,709,063)
Utility charges		(1,311,449)	(1,367,563)	(1,170,337)
Depreciation	6	(6,050,083)	(6,034,075)	(5,426,168)
Finance costs	10(c)	(196,759)	(226,261)	(214,242)
Insurance		(595,806)	(645,980)	(602,759)
Other expenditure		(335,701)	(376,237)	(331,341)
Loss on asset disposals	5	(8,600)	(3,764)	(34,627)
		(29,863,855)	(28,492,019)	(27,739,985)

Non cash amounts excluded from operating activities

	3(c)	5,492,724	5,988,062	5,012,131
--	------	-----------	-----------	-----------

Amount attributable to operating activities

291,735 2,700,121 (508,516)

INVESTING ACTIVITIES

Inflows from investing activities

Capital grants, subsidies and contributions		7,586,420	1,494,558	5,772,989
Proceeds from disposal of property, plant and equipment	5(a)	1,550,000	239,513	1,427,000
Proceeds from financial assets at amortised cost - self supporting loans	7(a)	23,655	22,920	22,920
		9,160,075	1,756,991	7,222,909

Outflows from investing activities

Acquisition of property, plant and equipment	5(a)	(3,983,473)	(1,269,708)	(3,741,510)
Acquisition of infrastructure	5(b)	(12,852,544)	(3,357,311)	(9,903,318)
		(16,836,017)	(4,627,019)	(13,644,828)

Amount attributable to investing activities

(7,675,942) (2,870,028) (6,421,920)

FINANCING ACTIVITIES

Inflows from financing activities

Proceeds from new borrowings	7(a)	1,000,000	0	0
Transfers from reserve accounts	9(a)	508,481	1,210,852	1,180,852
		1,508,481	1,210,852	1,180,852

Outflows from financing activities

Repayment of borrowings	7(a)	(495,067)	(477,583)	(477,583)
Payments for principal portion of lease liabilities	8	(12,759)	(12,759)	(12,759)
Transfers to reserve accounts	9(a)	(289,754)	(599,194)	(274,542)
		(797,580)	(1,089,536)	(764,884)

Amount attributable to financing activities

710,901 121,316 415,968

MOVEMENT IN SURPLUS OR DEFICIT

Surplus at the start of the financial year

	3	6,673,306	6,721,897	6,514,467
Amount attributable to operating activities		291,735	2,700,121	(508,516)
Amount attributable to investing activities		(7,675,942)	(2,870,028)	(6,421,920)
Amount attributable to financing activities		710,901	121,316	415,968

Surplus/(deficit) remaining after the imposition of general rates

3 (0) 6,673,306 (0)

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

SHIRE OF NORTHAM
FOR THE YEAR ENDED 30 JUNE 2026
INDEX OF NOTES TO THE BUDGET

Note 1	Basis of Preparation	7
Note 2	Rates and Service Charges	8
Note 3	Net Current Assets	12
Note 4	Reconciliation of cash	14
Note 5	Property, Plant and Equipment	15
Note 6	Depreciation	16
Note 7	Borrowings	17
Note 8	Lease Liabilities	19
Note 9	Reserve Accounts	20
Note 10	Other Information	22
Note 11	Council Members Remuneration	23
Note 12	Major Land Transactions	24
Note 13	Trading Undertakings and Major Trading Undertakings	N/A
Note 14	Investment in Associates	25
Note 15	Trust Funds	26
Note 16	Revenue and Expenditure	27
Note 17	Program Information	30
Note 18	Fees and Charges	31

1. BASIS OF PREPARATION

The annual budget of the Shire of Northam which is a Class 2 local government is a forward looking document and has been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the annual budget be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 Leases which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this annual budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the annual budget has been prepared on the 32 the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 15 to the annual budget.

2024/25 actual balances

Balances shown in this budget as 2024/25 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

Budget comparative figures

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

Comparative figures

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

Rounding off figures

All figures shown in this statement are rounded to the nearest dollar.

Statement of Cashflows

Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.

Initial application of accounting standards

During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements
- AASB 2023-3 Amendments to Australian Accounting Standards - Disclosure of Non-current Liabilities with Covenants: Tier 2
- AASB 2024-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements: Tier 2 Disclosures It is not expected these standards will have an impact on the annual budget.
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities, became mandatory during the budget year. Amendments to AASB 13 Fair Value Measurement impacts the future determination of fair value when revaluing assets using the cost approach. Timing of future revaluations is defined by regulation 17A of Local Government (Financial Management) Regulations 1996. Impacts of this pronouncement are yet to be quantified and are dependent on the timing of future revaluations of asset classes. No material impact is expected in relation to the 2025-26 statutory budget.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 - AASB 2024-4b Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
 - AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector
 - AASB 2023-5 Amendments to Australian Accounting Standards - Lack of Exchangeability
 - AASB 18 (FP) Presentation and Disclosure in Financial Statements - (Appendix D) [for for-profit entities]
 - AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]
 - AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments 32
 - AASB 2024-3 Amendments to Australian Accounting Standards - Standards - Annual Improvements Volume 11
- It is not expected these standards will have an impact on the annual budget.

Critical accounting estimates and judgements

The preparation of the annual budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment
 - Infrastructure
 - Expected credit losses on financial assets
 - Assets held for sale
 - Impairment losses of non-financial assets
 - Investment property
 - Estimated useful life of intangible assets
 - Measurement of employee benefits
 - Measurement of provisions

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in dollar	Number of properties	Rateable value*	2025/26 Budgeted rate revenue	2025/26 Budgeted interim rates	2025/26 Budgeted total revenue	2024/25 Actual total revenue	2024/25 Budget total revenue
				\$	\$	\$	\$	\$	\$
(i) General rates									
GRV Townsite Residential	Gross rental valuation	0.113500	3,937	62,927,371	7,144,501	64,266	7,208,767	7,033,676	6,947,472
GRV Northam Commercial/Industrial/Community	Gross rental valuation	0.121850	241	16,164,820	1,969,683	18,042	1,987,725	1,846,850	1,950,702
Agricultural Local	Unimproved valuation	0.004350	246	183,981,000	800,317	7,067	807,384	752,646	756,563
Agricultural Regional	Unimproved valuation	0.004000	202	301,035,000	1,204,140	9,900	1,214,040	1,060,767	1,070,667
Rural Small Holding	Unimproved valuation	0.007250	68	13,465,000	97,621	725	98,346	77,418	78,143
Total general rates			4,694	577,573,191	11,216,262	100,000	11,316,262	10,771,357	10,803,547
(ii) Minimum payment									
		Minimum \$							
GRV Townsite Residential	Gross rental valuation	1,159	1,178	6,248,845	1,365,302	0	1,365,302	1,360,704	1,319,301
GRV Northam Commercial/Industrial/Community	Gross rental valuation	1,159	37	205,025	42,883	0	42,883		41,403
Agricultural Local	Unimproved valuation	1,159	195	33,879,515	226,005	0	226,005	447,219	236,109
Agricultural Regional	Unimproved valuation	1,114	129	26,031,000	143,706	0	143,706		177,540
Rural Small Holding	Unimproved valuation	1,159	19	142,680	22,021	0	22,021		33,570
Total minimum payments			1,558	66,507,065	1,799,917	0	1,799,917	1,807,923	1,807,923
Total general rates and minimum payments			6,252	644,080,256	13,016,179	100,000	13,116,179	12,579,280	12,611,470
(iii) Ex-gratia rates									
CBH					36,204	0	36,204	42,494	29,980
Total rates					13,052,383	100,000	13,152,383	12,621,774	12,641,450

The Shire did not raise specified area rates for the year ended 30th June 2026.

All rateable properties within the district used predominately for non-rural purposes are rated according to their Gross Rental Valuation (GRV), all other properties are rated according to their Unimproved Valuation (UV).

The general rates detailed for the 2025/26 financial year have been determined by Council on the basis of raising the revenue required to meet the estimated deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than general rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum payments have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

2. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Option 1 (Full Payment)

Full amount of the rates and charges including arrears, to be paid on or before 11 September 2025 or 35 days after the date of issue appearing on the rate notice whichever is the later.

Option 2 (Two Instalments)

First instalment to be made on or before 11 September 2025 or 35 days after the date of issue appearing on the rate notice whichever is later, including all arrears and half the current rates and service charges; and
 Second instalment to be made on or before 14 January 2026, or two months after the due date of the first instalment, whichever is later.

Option 3 (Four Instalments)

First instalment to be made on or before 11 September 2025 or 35 days after the date of issue appearing on the rate notice, whichever is later including all arrears and a quarter of the current rates and service charges;
 Second instalment to be made on or before 12 November 2025, or two months after the due date of the first instalment, whichever is later;
 Third instalment to be made on or before 14 January 2026, or two months after the due date of the second instalment, whichever is later; and
 Fourth instalment to be made on or before 18 March 2026, or two months after the due date of the third instalment, whichever is later.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	11/09/2025	0	0.0%	11.0%
Option two				
First instalment	11/09/2025	0	5.5%	11.0%
Second instalment	14/01/2026	10	5.5%	11.0%
Option three				
First instalment	11/09/2025	0	5.5%	11.0%
Second instalment	12/11/2025	10	5.5%	11.0%
Third instalment	14/01/2026	10	5.5%	11.0%
Fourth instalment	18/03/2026	10	5.5%	11.0%

	2025/26 Budget revenue	2024/25 Actual revenue	2024/25 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	30,000	29,762	35,000
Instalment plan interest earned	42,000	32,235	26,000
Unpaid rates and service charge interest earned	240,000	198,877	190,000
	312,000	260,874	251,000

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

2. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

(i) Differential general rate

Description	Characteristics	Objects	Reasons
GRV Townsite Residential	Properties zoned residential and an intended predominant residential land use.	This is considered the base rate above which all other GRV rated properties are assessed.	The rate reflects an adequate contribution to the rate burden on the Shire to deliver services, carry out maintenance of public facilities and infrastructure as set out in the Strategic Community Plan and other statutory requirements.
GRV Northam Commercial / Industrial / Community	Consists of all properties where the predominant purpose for which the land is used is commercial or industrial purposes.	The objective is to raise additional revenue to contribute towards funding marketing and promoting local businesses for the Northam Chamber of Commerce.	The higher rates reflects the annual amount of revenue required to fund marketing and promotion of local businesses via the Northam Chamber of Commerce.
UV Agricultural Local	Consists of properties that can be subject to further subdivision development which is not available in the Agricultural Regional area. These properties are less arable and less productive than land in the Agricultural Regional area.	The object of this differential rate is to be the base rate by which all other UV properties are assessed.	This rate in the dollar for this category is imposed in order to levy a rate aligned with the impact on the Shire of servicing these properties.
UV Agricultural Regional	Consists of properties that are broad acre farming and are not subject to the sub-division potential of the Agricultural Local land group use.	The objective is to ensure that the proportion of total rate revenue derived from UV Agricultural Regional is appropriate given the identified level of servicing for ratepayers in this category	This rate in the dollar for this category is imposed in order to levy a rate aligned with the impact on the Shire of servicing these properties.
UV Rural Small Holding	Consists of properties that are zoned to accommodate the rural lifestyle. In general they are fully serviced by power, water and bitumen roads and are generally located in close proximity to townsites.	The objective is to ensure that the proportion of total rate revenue derived from UV Rural Small Holding is appropriate given the identified level of servicing for ratepayers in this category including rural infrastructure provided to these properties.	The higher rate in the dollar is imposed to reflect the higher cost of servicing these properties.

(ii) Differential Minimum Payment

A general minimum rate of \$1,159 applies to all rates categories except Agricultural Regional which attracts a minimum rate of \$1,114. Council believes that in the view of the level of service and facilities available to all ratepayers, the minimum rates are the minimum contributions which should be made by owners.

**SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026**

2. RATES AND SERVICE CHARGES (CONTINUED)

(d) Service Charges

The Shire did not raise service charges for the year ended 30th June 2026.

(e) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2026.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

3. NET CURRENT ASSETS

(a) Composition of estimated net current assets

Current assets

Cash and cash equivalents
Financial assets
Receivables
Contract assets
Other assets

Less: current liabilities

Trade and other payables
Contract liabilities
Lease liabilities
Long term borrowings
Employee provisions

Net current assets

Less: Total adjustments to net current assets

Net current assets used in the Statement of Financial Activity

Note	2025/26 Budget 30 June 2026	2024/25 Actual 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
4	3,318,870	10,315,283	3,171,690
	23,655	22,920	22,920
	3,061,087	2,333,865	2,477,586
	0	572,278	456,653
	0	196,711	50,000
	6,403,612	13,441,057	6,178,849
	(2,089,141)	(1,996,863)	(2,593,132)
	(733,286)	(1,146,358)	(300,000)
8	(13,500)	(12,759)	(12,759)
7	(504,933)	(417,583)	(477,583)
	(1,428,714)	(1,228,714)	(1,344,704)
	(4,769,574)	(4,802,277)	(4,728,178)
	1,634,038	8,638,780	1,450,671
3(b)	(1,634,038)	(1,965,474)	(1,450,671)
	0	6,673,306	0

(b) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Cash - reserve accounts
Add: Current liabilities not expected to be cleared at end of year
- Current portion of borrowings
- Current portion of lease liabilities
- Add budgeted leave
- Current portion of employee benefit provisions held in reserve

Total adjustments to net current assets

9	(3,200,181)	(3,418,908)	(2,986,373)
	504,933	417,583	477,583
	13,500	12,759	12,759
	350,000	350,000	350,000
	697,710	673,092	695,360
	(1,634,038)	(1,965,474)	(1,450,671)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

(c) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals
Add: Loss on asset disposals
Add: Depreciation

Non cash amounts excluded from operating activities

Note	2025/26 Budget 30 June 2026	2024/25 Actual 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
5	(565,959)	(49,777)	(448,664)
5	8,600	3,764	34,627
6	6,050,083	6,034,075	5,426,168
	5,492,724	5,988,062	5,012,131

3. NET CURRENT ASSETS

(d) MATERIAL ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

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. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

PREPAID RATES

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

INVENTORIES

General Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

SUPERANNUATION

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

INVENTORY - LAND HELD FOR RESALE

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.

Inventory - land held for resale is classified as current except where it is held as non-current based on the Shire's intentions to release for sale.

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.

CONTRACT LIABILITIES

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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

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

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

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.

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 determination of the net current asset position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the determination of the net current asset position.

Other long-term employee benefits

Long-term employee benefits provisions 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.

CONTRACT ASSETS

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at the end of the period.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

4. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
		\$	\$	\$
Cash at bank and on hand		256,573	7,034,259	1,279,008
Term deposits		3,062,297	3,281,024	1,892,682
Total cash and cash equivalents		3,318,870	10,315,283	3,171,690
Held as				
- Unrestricted cash and cash equivalents		256,573	7,034,259	185,317
- Restricted cash and cash equivalents		3,062,297	3,281,024	2,986,373
	3(a)	3,318,870	10,315,283	3,171,690
Restrictions				
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents		3,062,297	3,281,024	2,986,373
		3,062,297	3,281,024	2,986,373
The assets are restricted as a result of the specified purposes associated with the liabilities below:				
Reserve accounts	9	3,062,297	3,281,024	2,986,373
		3,062,297	3,281,024	2,986,373
Reconciliation of net cash provided by operating activities to net result				
Net result		2,385,431	(1,793,383)	239,583
Depreciation	6	6,050,083	6,034,075	5,426,168
(Profit)/loss on sale of asset	5	(557,359)	(46,013)	(414,037)
(Increase)/decrease in receivables		124,324	92,307	280,000
(Increase)/decrease in other assets		0	87,777	
Increase/(decrease) in payables		(205,049)	(640,779)	(70,310)
Increase/(decrease) in contract liabilities		0	(132,614)	(590,000)
Increase/(decrease) in unspent capital grants		0	0	(375,340)
Increase/(decrease) in employee provisions		0	182,567	40,000
Capital grants, subsidies and contributions		(7,586,420)	(1,494,558)	(5,772,989)
Net cash from operating activities		211,010	2,289,379	(1,236,925)

MATERIAL ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 3 - Net Current Assets.

FINANCIAL ASSETS AT AMORTISED COST

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

5. PROPERTY, PLANT AND EQUIPMENT

	2025/26 Budget					2024/25 Actual					2024/25 Budget				
	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Disposals - Loss	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Disposals - Loss	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Disposals - Loss
(a) Property, Plant and Equipment	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	(636,339)	1,084,000	447,661	0	32,358	0	0	0	0	0	(702,000)	1,100,000	398,000	0
Buildings - non-specialised	230,600	0	0	0	0	126,543	0	0	0	0	61,900	0	0	0	0
Buildings - specialised	1,570,573	0	0	0	0	585,200	0	0	0	0	1,616,815	0	0	0	0
Plant and equipment	2,182,300	(356,302)	466,000	118,298	(8,600)	525,607	(193,499)	239,513	49,777	(3,764)	2,062,795	(310,963)	327,000	50,664	(34,627)
Total	3,983,473	(992,641)	1,550,000	565,959	(8,600)	1,269,708	(193,499)	239,513	49,777	(3,764)	3,741,510	(1,012,963)	1,427,000	448,664	(34,627)
(b) Infrastructure															
Infrastructure - roads	5,104,377	0	0	0	0	2,392,316	0	0	0	0	5,047,190	0	0	0	0
Infrastructure - footpaths	384,600	0	0	0	0	146,184	0	0	0	0	925,000	0	0	0	0
Infrastructure - drainage	509,561	0	0	0	0	11,474	0	0	0	0	509,561	0	0	0	0
Infrastructure - parks and ovals	2,290,357	0	0	0	0	574,989	0	0	0	0	1,925,999	0	0	0	0
Infrastructure - bridges	643,238	0	0	0	0	0	0	0	0	0	643,238	0	0	0	0
Other infrastructure	3,920,411	0	0	0	0	232,348	0	0	0	0	852,330	0	0	0	0
Total	12,852,544	0	0	0	0	3,357,311	0	0	0	0	9,903,318	0	0	0	0
Total	16,836,017	(992,641)	1,550,000	565,959	(8,600)	4,627,019	(193,499)	239,513	49,777	(3,764)	13,644,828	(1,012,963)	1,427,000	448,664	(34,627)

MATERIAL ACCOUNTING POLICIES

RECOGNITION OF ASSETS

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5). These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

6. DEPRECIATION

By Class

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Bushfire equipment
Infrastructure - roads
Infrastructure - footpaths
Infrastructure - drainage
Infrastructure - bridges
Other infrastructure - streetscape
Other infrastructure - aerodromes
Infrastructure - playground equipment
Other infrastructure

By Program

Governance
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

2025/26 Budget	2024/25 Actual	2024/25 Budget
\$	\$	\$
909,160	906,754	922,564
155,350	154,939	144,552
2,541	2,534	12,989
559,015	557,536	570,088
486,912	485,624	266,662
1,994,888	1,989,610	1,607,675
185,684	185,193	174,110
327,288	326,422	335,158
636,002	634,319	652,055
19,433	19,382	19,964
82,979	82,759	84,664
29,571	29,493	455,693
661,260	659,510	179,994
6,050,083	6,034,075	5,426,168
0	14,313	14,174
641,513	615,842	389,540
3,194	3,190	6,147
120,585	119,869	124,267
25,015	24,984	28,094
67,884	68,352	71,028
1,229,565	1,229,916	1,225,730
3,341,084	3,338,931	2,905,289
170,716	170,322	174,216
450,527	448,357	487,683
6,050,083	6,034,075	5,426,168

MATERIAL ACCOUNTING POLICIES

DEPRECIATION

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Major depreciation periods used for each class of depreciable asset are:

Buildings - non-specialised	30 to 55 years
Buildings - specialised	30 to 55 years
Furniture and equipment	4 to 10 years
Plant and equipment	3 to 15 years
Bushfire equipment	
Pavement	50 to 80 years
Seal:	
- bituminous seals	23 to 30 years
- asphalt surfaces	23 to 30 years
Gravel Roads:	
Formation	Not depreciated
Pavement	50 to 80 years
Infrastructure - roads	20 to 80 years
Infrastructure - footpaths	20 to 100 years
Infrastructure - drainage	85 to 100 years
Infrastructure - bridges	
Other infrastructure - streetscape	
Other infrastructure - aerodromes	
Infrastructure - playground equipment	5 to 50 years
Other infrastructure	10 to 85 years
Bridges and Culverts:	
Timber	50 years
Concrete	100 years

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

7. BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Loan Number	Institution	Interest Rate	Budget Principal 1 July 2025	2025/26 Budget New Loans	2025/26 Budget Principal Repayments	Budget Principal outstanding 30 June 2026	2025/26 Budget Interest Repayments	Actual Principal 1 July 2024	2024/25 Actual New Loans	2024/25 Actual Principal Repayments	Actual Principal outstanding 30 June 2025	2024/25 Actual Interest Repayments	Budget Principal 1 July 2024	2024/25 Budget New Loans	2024/25 Budget Principal Repayments	Budget Principal outstanding 30 June 2025	2024/25 Budget Interest Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture				0			0					0					0	
Recreation Facilities	224	WATC	6.48%	485,351		(68,564)	416,787	(30,357)	549,679	0	(64,328)	485,351	(43,537)	549,682	0	(64,328)	485,354	(34,594)
Northam Youth Space	227	WATC	2.26%	213,571		(51,607)	161,964	(4,538)	264,031	0	(50,460)	213,571	(9,979)	264,032	0	(50,460)	213,572	(5,684)
Northam Swimming Pool	228	WATC	1.88%	3,425,301		(207,564)	3,217,738	(63,425)	3,629,017	0	(203,716)	3,425,301	(68,565)	3,628,715	0	(203,716)	3,424,999	(67,273)
Transport																		
Depot	229	WATC	4.74%	1,536,812		(87,580)	1,449,231	(72,650)	1,620,339	0	(83,527)	1,536,812	(64,252)	1,620,338	0	(83,527)	1,536,811	(76,703)
Economic services																		
Victoria Oval	225	WATC	6.48%	397,108		(56,098)	341,011	(24,838)	449,740	0	(52,632)	397,108	(37,288)	449,740	0	(52,632)	397,108	(28,304)
Waste Reuse Water	N/A	N/A	4.2%	0	1,000,000	0	1,000,000	0	0	0	0	0	0	0	0	0	0	0
				6,058,143	1,000,000	(471,412)	6,586,731	(195,808)	6,512,806	0	(454,663)	6,058,143	(223,621)	6,512,507	0	(454,662)	6,057,844	(212,557)
Self Supporting Loans																		
Northam Bowling Club	219A	WATC	3.2%	35,766	0	(23,655)	12,111	(951)	58,685	0	(22,920)	35,766	(2,640)	58,686	0	(22,920)	35,766	(1,685)
				35,766	0	(23,655)	12,111	(951)	58,685	0	(22,920)	35,766	(2,640)	58,686	0	(22,920)	35,766	(1,685)
				6,093,909	1,000,000	(495,067)	6,598,842	(196,759)	6,571,491	0	(477,583)	6,093,909	(226,261)	6,571,193	0	(477,583)	6,093,610	(214,242)

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

The self supporting loan(s) repayment will be fully reimbursed.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

7. BORROWINGS

(b) New borrowings - 2025/26

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Waste Reuse Water	WATC	Fixed	10	4.2%	\$ 1,000,000	\$ 274,593	\$	\$ 1,000,000
					1,000,000	274,593	0	1,000,000

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2025 nor is it expected to have unspent borrowing funds as at 30th June 2026.

(d) Credit Facilities

	2025/26 Budget	2024/25 Actual	2024/25 Budget
Undrawn borrowing facilities	\$	\$	\$
credit standby arrangements			
Bank overdraft limit	100,000	100,000	100,000
Bank overdraft at balance date	0	0	0
Credit card limit	25,000	0	15,000
Credit card balance at balance date	0	8,347	0
Total amount of credit unused	125,000	108,347	115,000
Loan facilities			
Loan facilities in use at balance date	6,598,842	6,093,909	6,093,610

MATERIAL ACCOUNTING POLICIES

BORROWING COSTS

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

8. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal 1 July 2025	2025/26 Budget New Leases	2025/26 Budget Lease Principal Repayments	Budget Lease Principal outstanding 30 June 2026	2025/26 Budget Lease Interest Repayments	Actual Principal 1 July 2024	2024/25 Actual New Leases	2024/25 Actual Lease Principal repayments	Actual Lease Principal outstanding 30 June 2025	2024/25 Actual Lease Interest repayments	Budget Principal 1 July 2024	2024/25 Budget New Leases	2024/25 Budget Lease Principal repayments	Budget Lease Principal outstanding 30 June 2025	2024/25 Budget Lease Interest repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Village Green	4	Malinowski Holdings Pty Ltd	3.2%	5	16,524		(12,759)	3,357	(333)	29,283	0	(12,759)	16,524	(741)	29,283	0	(12,759)	16,524	(741)
					16,524	0	(12,759)	3,357	(333)	29,283	0	(12,759)	16,524	(741)	29,283	0	(12,759)	16,524	(741)

MATERIAL ACCOUNTING POLICIES

LEASES

At the inception of a contract, the Shire assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and a lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

9. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2025/26 Budget				2024/25 Actual				2024/25 Budget			
	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing
	Balance	to	(from)	Balance	Balance	to	(from)	Balance	Balance	to	(from)	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(b) Employee liability reserve	673,092	24,618	0	697,710	674,630	28,463	(30,000)	673,092	670,105	25,255	0	695,360
(c) Office equipment reserve	4,617	169	0	4,786	4,430	187	0	4,617	3,828	235	0	4,063
(d) Plant and equipment reserve	26,759	979	0	27,738	121,628	5,131	(100,000)	26,759	124,348	891	(100,000)	25,239
(e) Road, drainage & bridgework reserve	149,966	5,485	(100,000)	55,451	431,750	118,216	(400,000)	149,966	536,005	16,786	(400,000)	152,791
(f) Refuse site reserve	567,292	173,065	0	740,357	426,746	140,546	0	567,292	419,946	136,049	0	555,995
(g) Speedway reserve	168,804	6,174	0	174,978	161,970	6,834	0	168,804	160,800	5,146	0	165,946
(h) Community bus replacement reserve	112,214	4,104	0	116,318	107,671	4,543	0	112,214	106,892	3,417	0	110,309
(i) Septage pond reserve	125,478	22,026	0	147,504	89,694	35,784	0	125,478	88,075	35,012	0	123,087
(j) Killara reserve	454,461	16,621	0	471,082	436,063	18,398	0	454,461	432,910	13,876	0	446,786
(k) Recreation and community facilities reserve	529,559	19,368	(308,481)	240,446	892,344	218,067	(580,852)	529,559	905,918	28,381	(580,852)	353,447
(l) Council buildings and amenities reserve	160,504	5,870	(100,000)	66,374	249,958	10,546	(100,000)	160,504	246,631	3,006	(100,000)	149,637
(m) Parking facilities construction reserve	112,104	4,100	0	116,204	107,566	4,538	0	112,104	106,788	3,413	0	110,201
(n) Reticulation scheme reserve	193,198	7,066	0	200,264	185,377	7,821	0	193,198	87,603	2,982	0	90,585
(o) Revaluation reserve	2,976	109	0	3,085	2,856	120	0	2,976	2,834	93	0	2,927
	3,281,024	289,754	(508,481)	3,062,297	3,892,683	599,194	(1,210,852)	3,281,024	3,892,683	274,542	(1,180,852)	2,986,373

9. RESERVE ACCOUNTS

(b) Reserve Accounts - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Restricted by legislation Restricted by council		
(b) Employee liability 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.
(c) Office equipment reserve	Ongoing	For the acquisition and upgrading of Council offices, furniture, computers and general equipment.
(d) Plant and 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.
(e) Road, drainage & bridgework reserve	Ongoing	For the provision of upgrading of road, drainage 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.
(f) 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.
(g) 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.
(h) 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.
(i) 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.
(j) 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.
(k) Recreation and 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.
(l) Council buildings and 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.
(m) 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.
(n) 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.
(o) Revaluation reserve	Ongoing	Provision for the four yearly revaluation of the Shire's GRV properties.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments	400,000	446,575	371,685
Late payment of fees and charges *	292,000	231,112	216,000
Self Supporting loan	1,685	1,686	0
	693,685	679,372	587,685

The net result includes as expenses

(b) Auditors remuneration

Audit services	52,735	49,400	45,000
Other services	17,765	14,500	15,000
	70,500	63,900	60,000

(c) Interest expenses (finance costs)

Borrowings (refer Note 7(a))	196,759	226,261	214,242
Interest on lease liabilities (refer Note 8)	333	741	741
	197,092	227,002	214,983

(d) Write offs

General rate	1,000	12,507	1,000
	1,000	12,507	1,000

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

11. COUNCIL MEMBERS REMUNERATION

	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
Total Council Member Remuneration	331,612	303,502	319,755
President's allowance	45,000	45,000	45,000
Deputy President's allowance	11,250	11,250	11,250
Meeting attendance fees	167,856	181,600	181,600
Other expenses	32,300	7,799	28,400
ICT expenses	0	2,181	6,003
Annual allowance for ICT expenses	29,064	24,950	31,500
Travel and accommodation expenses	25,000	16,793	16,002
Annual allowance for travel and accommodation expenses	0	13,929	0
Superannuation contribution payments	21,141	0	0
	331,612	303,502	319,755

** Local Government Regulations (No. 2) 2025 specify that effective 19 October 2025 Superannuation is compulsory for Council members.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

12. MAJOR LAND TRANSACTIONS

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2025/2026

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

14. INVESTMENT IN ASSOCIATES

(a) Investment in associate

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

Name of entity	% of ownership interest		2025/26	2024/25	2024/25
	2025/26	2024/25	Budget	Actual	Budget
			\$	\$	\$

(b) Share of Investment in Country Regional Council

Summarised statement of comprehensive income

	2025/26	2024/25	2024/25
	Budget	Actual	Budget
	\$	\$	\$
Other Revenue	57,128	51,616	57,129
Total operating revenue	57,128	51,616	57,129
Depreciation	(25,015)	(20,519)	(21,649)
Other Expenses	(47,065)	(30,097)	(40,337)
Total operating expenses	(72,080)	(50,616)	(61,986)
Profit/(loss) from continuing operations	(14,952)	1,000	(4,857)
Total comprehensive income for the period	(14,952)	1,000	(4,857)

Summarised statement of financial position

Land and buildings at fair value	1,001,726	1,001,726	1,001,726
Other Infrastructure	6,600	6,600	6,600
Less Accumulated Depreciation	(85,858)	(60,843)	(61,970)
Total assets	922,468	947,483	946,356

MATERIAL ACCOUNTING POLICIES

Investments 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, recognised.

Investments in associates (continued)

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.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

15. TRUST FUNDS

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

Detail	Balance 30 June 2025	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2026
	\$	\$	\$	\$
Public Open Space Fund	84,351			84,351
	84,351	0	0	84,351

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

16. REVENUE AND EXPENDITURE

(a) Revenue and Expenditure Classification

REVENUES

RATES

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum payment, interim rates, back rates, ex-gratia rates, less discounts offered.

These exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

GRANTS, SUBSIDIES AND CONTRIBUTIONS

All amounts received as grants, subsidies and contributions that are not capital grants.

CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

INTEREST REVENUE

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates etc.

PROFIT ON ASSET DISPOSAL

Gain on the disposal of assets including gains on the disposal of long-term investments.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

Note AASB 119 Employee Benefits provides a definition of employee benefits which should be considered.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings.

These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses (such as telephone and internet charges), advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

UTILITIES (GAS, ELECTRICITY, WATER)

Expenditures made to the respective agencies for the provision of power, gas or water.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expenses raised on all classes of assets.

FINANCE COSTS

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or levies including DFES levy and State taxes. Donations and subsidies made to community groups.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

16. REVENUE AND EXPENDITURE

(b) Revenue Recognition

Recognition of revenue from contracts with customers is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/ Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payments dates adopted by Council	None	Adopted by Council annually	When taxable event occurs	No refunds	When rates notice is issued

Lease Charges	Charges Council Property	Over time	On Invoice	None	Adopted by Council annually	When taxable event occurs	Not applicable	When lease payment due
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by Council annually	Based on timing of entry to facility	Refunds limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by Council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Kiosk, Visitor Centre and Bilya Koort Boodja stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by Council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods point of sale
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

17. PROGRAM INFORMATION

Key Terms and Definitions - Reporting Programs

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

OBJECTIVE

ACTIVITIES

Governance

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

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

General purpose funding

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

Law, order, public safety

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

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

Health

To provide an operational framework for environmental and community health.

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

Education and welfare

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

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

Housing

To provide and maintain elderly residents housing.

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

Community amenities

To provide services required by the community.

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

Recreation and culture

To establish and effectively manage infrastructure.

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

Transport

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

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

Economic services

To help promote the Shire and its economic wellbeing.

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

Other property and services

To monitor and control Shire's overheads operating accounts.

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

18. FEES AND CHARGES

	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
By Program:			
Governance	1,300	1,883	1,300
General purpose funding	105,000	104,071	110,000
Law, order, public safety	236,597	152,104	201,597
Health	40,000	42,689	37,000
Education and welfare	30,000	37,338	30,000
Community amenities	3,782,844	3,745,614	3,469,100
Recreation and culture	489,116	498,831	458,616
Transport	117,184	103,129	98,524
Economic services	526,500	483,104	513,590
Other property and services	3,000	2,901	6,000
	5,331,541	5,171,664	4,925,727

The subsequent pages detail the fees and charges proposed to be imposed by the local government.