



ANNUAL REPORT 2005:2006



*Providing a customer focus quality service and infrastructure
that will cater for the residents' needs within the Municipality*

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COVER PHOTO
Hay Field – Shire of Northam



GENERAL INFORMATION

The Shire of Northam is a Statutory Organisation responsible to the Minister for Local Government, The Hon Jonathon (Jon) Robert Ford, MLC. It operates under the provisions of the Local Government Act 1995.

Shire Administration Office	395 Fitzgerald Street, NORTHAM
Postal Address	PO Box 613, NORTHAM WA 6401
Telephone	9622 1099
Facsimile	9622 3952
Email	records@northamshire.wa.gov.au
Website	www.northamshire.wa.gov.au
Office hours	8.30 am to 5.00 pm Monday to Friday
Cashier	8.30 am to 4.30 pm Monday to Friday

The Shire of Northam covers an area of 1,419 square kilometres and has a population of 3,600 persons. The Shire encompasses the one major town of Wundowie with urban nodes based at Bakers Hill, Clackline and Grass Valley. In addition there are concentrated areas of small rural subdivisions strategically located throughout the western portion of the Municipality.

The Shire of Northam has three wards West, Central and East. Three Councillors represent each ward. The Shire of Northam is also represented at both a State and Federal Government level. The western boundary of the Shire of Northam is located 60 km from the Perth CBD and its eastern boundary 130 km from the Perth CBD.

The largest town within the Shire of Northam is Wundowie located approximately four (4) km off Great Eastern Highway and approximately 70 km from Perth. The town has a population of approximately 700 people in the urban heart of town and 200 people on the fringe of the townsite itself. Wundowie is primarily an industrial area with Wundowie Foundry Pty Ltd operating a foundry on the outskirts of the townsite.

Situated within the Shire of Northam, being a Municipality in its own right, is the Town of Northam. Northam is a regional townsite for the agriculture area. The townsite has a population of 7,000 people. It houses major Government Departments and provides business, government and commercial services for the regional hinterland. The Northam townsite offers the advantages of the metropolitan area in terms of commercial, professional, educational and community facilities.

The activities within the Shire of Northam are predominantly based on primary production with wheat and livestock providing the majority of the source of income. Other activities include two abattoirs, educational facilities (Muresk Institute of Agriculture, Allandale Research Farm and two government schools). The foundry provides the basis for employment within the Wundowie townsite. A eucalyptus distillation plant is to be constructed on an old part of the foundry.

The Avon Industrial Park, situated East of Grass Valley, has been commissioned and boasts two industries – Binary Chemicals, who manufacture agricultural based chemicals and Bushmans' Tanks, who manufacture polymer tanks. A pilot plant looking at the process of recovery of Kaolin has been established.

The Shire of Northam will continue to experience rural development pressure west of Northam where continued interest is shown in special rural development. The Municipality will promote industrial and commercial development in a controlled manner to create employment and commercial growth.



ELECTED MEMBER'S

COUNCILLORS	WARD	CONTACT INFORMATION	TERM EXPIRES
Shire President A W (Bert) Llewellyn	West	9573 6395 (Private & Fax) 0419 960 442 (Mobile) president@northamshire.wa.gov.au	2007
I (Ian) Fullerton	West	9572 7607 (Private) 9573 6713 (Fax) 0417 172 109 ipfullerton@yahoo.com.au	2009
T M (Terry) Little	West	9573 6201 (Private) 9041 2300 (Work) 9622 5178 (Fax - Work) 0419 049 653 (Mobile) tlittle@fesa.wa.gov.au	2007
N R A (Rupert) Poulton	Central	9574 1387 (Private & Fax) 0418 436 419 (Mobile) annette.rupert@bigpond.com	2009
T M (Michael) Letch	Central	9574 1413 (Private & Fax) eadine@westnet.net.au	2009
Deputy President L J (Les) Pettitt	Central	9574 1365 (Private phone/fax) 9041 1424 (Work) 0407 474 365 (Mobile) Les_Pettitt@Yahoo.com.au	2005
R L (Robert) Hitchcock	East	9622 3579 (Private & Fax) 0417 991 944 (Mobile) onetreehill@wn.com.au	2007
R D (Richard) Marris	East	9622 9514 (Private & Fax) 0429 919 988 (Mobile) marrisfamily@bigpond.com	2009
A D (Doug) Morgan	East	9622 1002 (Private & Fax) 0428 221 002 (Mobile)	2009

MANAGEMENT

Name	Position Held	Contact Details
Mr Allan Middleton	Chief Executive Officer	0418 908 506 (Mobile) 9622 1273 (A/Hours)
Mr Phil Steven	Manager Environmental Health & Building	0407 385 419 (Mobile)
Mr Stuart Billingham	Manager Finance & Administration	0409 844 306 (Mobile) 9622 2696 (A/Hours)



Councillor Bert Llewellyn
Shire President
West Ward



Councillor Les Pettitt
Deputy Shire President
Central Ward



Councillor Richard Marris
East Ward



Councillor Ian Fullerton
West Ward



Councillor Michael Letch
Central Ward



Councillor Robert Hitchcock
East Ward



Councillor Terry Little
West Ward



Councillor Rupert Poulton
Central Ward



Councillor Doug Morgan
East Ward



Allan Middleton
Chief Executive Officer



Stuart Billingham
Manager Finance &
Administration



Phil Steven
Manager Environmental Health
& Building



PRESIDENT'S REPORT

Residents of the Shire of Northam, it gives me much pleasure to submit this report on the overall activities of your Council for the year ending 30th June 2006. It is most pleasing to note that in completing the programme of works for the year, the Shire of Northam has maintained a very solid financial position.

Again the issue of amalgamation has been placed on the table by the State Government, and while their rhetoric states they are not seeking to force their position in regard to these matters, I believe this to be a short term option. I have no doubt that the Government would like to achieve some voluntary mergers of Councils, before taking their final position and moving forward to achieve a state wide result. On this basis, Council has discussed the issue and set down terms and conditions in a number of dot points which must be accepted and are mandatory, to allow further discussions with the Town Council. The final outcome in this matter should rest in the hands of the Electors.

The demand for housing and land within many areas in the Shire has seen prices increase dramatically. This has seen an increase in the applications for subdivision in rural areas. The Council is also seeking through the offices of LandCorp a release of light industrial and residential lots within the Wundowie town area. Activity in this form will continue to create positive growth within the western end of the Shire with the benefits adding to the sustainability of the Shire of Northam.

A Regional Sheep Saleyard is still the main project on the agenda, and I am pleased to report an increase in the Local Authorities coming on board in support to construct this facility in the Shire of Northam. A further boost to the suitability of this area for this project to proceed is the proposed private construction of two new abattoirs to export standard within this region.

As President, and on behalf of Council, I take this opportunity to sincerely thank and convey deep appreciation to the volunteers and residents of the community, who have contributed to the projects that are undertaken on a voluntary basis, namely Bush Fire Brigades, St John Ambulance, Land Care groups, Progress Associations and all the other community committees, without your efforts, the district would not function so effectively.

I would, on behalf of Council and residents of the Shire of Northam, take this opportunity to thank our Chief Executive Officer, Mr Allan Middleton, Senior Managers, all office staff and our external staff for their very high level of commitment. We recognise the outcomes that have been achieved are because of sound management and solid teamwork for the benefit of the Shire of Northam.

In conclusion, my thanks to the Deputy President, Councillor Les Pettitt, for his support and wisdom throughout the year, to all other Councillors thanks for your dedication and teamwork which has enabled Council to function so well to achieve progress. At times difficult decisions need to be made, all I believe are made in the best interests of the Shire of Northam.

As President I see a very positive and bright future for the Shire, with sound economic growth, development pressures will continue, however I believe that Council will manage this progress without compromising today's rural lifestyle.

**A W (BERT) LLEWELLYN
SHIRE PRESIDENT**



CHIEF EXECUTIVE OFFICERS REPORT

The Shire of Northam has concluded the 2005:2006 financial year in a healthy financial position. The increase in surplus primarily resulted from some activities not being undertaken or savings made through tighter control or harder bargaining by staff on materials or equipment.

The larger savings came in the area of Governance, Animal Control, Law and Order, Town Planning and Recreation. Income increased through Private Works, Health Inspection, Sale of Assets and General Purpose Income.

The surplus has allowed Council to undertake a progressive capital programme in 2006:2007 without having to substantially increase rates.

The major achievements during the year were the commencement and near completion of the Fire and Emergency Fire Station in Wundowie, completion of a \$1.5 million road construction and maintenance programme, upgrading of plant and equipment and most importantly increasing reserve funds to undertake capital works in the coming years.

The year's works programme has been extensive and the following is a brief of what has occurred throughout the year.

Road Group Funding

- Irishtown / Haddrill Road intersection modifications and improvements.
- Vegetation removal 2.50 kilometres north of Dumbarton Road.

State Black Spot / Roads to Recovery Funded Projects

- Carter and Grass Valley South Road widening works, 1 km in each direction from the Carter / Grass Valley South Road intersection.

Roads to Recovery Projects.

- Tree Lopping on Doy, Gaden and McNamara Roads.
- Koojeda Road bitumen sealing SLK's 0.6-1.86 kilometres.
- Drainage improvements and sealing of Robinson Street, Fettleers Lane and Rose Terrace Spencers Brook.

Roads to Recovery & Shire of Northam Jointly Funded

- Widening works to SLK's 3.25-5.1 and 12.30 – 12.80 kilometres of Jennapullin Roads.

General Funding Maintenance Works

- Tree Lopping on various roads;
- Gravel Resheeting works on Frenches and Chitibin Roads;
- Winter, Summer and Shoulder Grading Works;
- Culvert Replacement;
- Drainage Maintenance;
- Road Maintenance;
- Bridge Maintenance;
- Townsite Maintenance - Grass Valley, Wundowie, Bakers Hill and Clackline;
- Noxious Weed Spraying Program;



- Traffic Management Works (sign replacement);
- Various Private Works Including the Bakers Hill Primary School Bus Hard Stand Area;
- Works to the Proposed Sheep Sale Yard Site.

Council is mindful of the increasing population within the Shire, particularly that area in the west. With increased population there will be increased demand for facilities and Council is pre-empting the need for increased sporting amenities. With this in mind preliminary work has commenced on the design for a redeveloped sporting ground and facilities. Some work has been undertaken with the local sporting associations and an architect to determine what is needed to accommodate sports in the future. Considerable work has been undertaken to design and allocate funding for swimming pool improvements and this work is expected to be completed in the second half of 2006.

Council and residents can be proud of the achievements throughout the year, however this cannot be achieved without the contribution of dedicated staff and for their enthusiasm and energy I wish to thank the road construction, road maintenance, parks and garden staff under the capable leadership of Mr. Ron Van Welie and his right hand man in Mr. Brian Smith. My thanks also to the administration staff under the leadership of Mr. Stuart Billingham and the health and building services under the management of Mr. Phil Stevens. All staff members are expected to provide effective service, we hope this is being achieved although at times I am aware that a “no” does not meet the expected outcome; it is hoped than when a request is in the negative the reason why that decision has been made has been explained.

Local Progress Associations continue to contribute to the well being of their locality and without that contribution the life style and amenities enjoyed would not be to the standards they are.

Like wise volunteer bush fire brigades continue to work tirelessly and enthusiastically to ensure properties are protected. The dedication and efforts of those members of the community cannot be underestimated and all residents need to be appreciative of the altruistic service given.

The Shire of Northam can look forward to continued growth and progress. The eastward pressure from the metropolitan area is becoming more evident and the district will experience continued demand for the creation of residential and lifestyle type lots.

In conclusion I wish to thank the Shire President and Councillors for their continued support to all staff. The progressive outlook by the elected members will ensure the district will develop in a controlled way with all residents being the beneficiaries of the projected growth.

A J MIDDLETON
CHIEF EXECUTIVE OFFICER



MANAGER, ENVIRONMENTAL HEALTH AND BUILDING'S REPORT

Disability Services

The Shire of Northam has continued its commitment in providing wheelchair access for Disabled people. The new Wundowie Fire Station incorporates disabled toilets.

The Shire requires provisions for disabled people in new commercial buildings and where major alterations have been undertaken.

Health

- Inspections of 12 food premises in the Shire of Northam have been conducted on an ongoing basis.
- Septic Systems were inspected as they were installed. In the 2005/ 2006 fiscal year 49 septic systems were approved.
- There have been relatively few cases of reported communicable diseases from within the Shire. These cases include:

Communicable Disease:

	2004/2005	2005/2006
Enteric diseases	13	18
Vector-borne diseases	6	4
Vaccine preventable diseases	7	9
Blood-borne viral diseases	11	8
Other diseases	2	1
Zoonotic diseases	0	0
Total	39	40

Notifications of communicable diseases in the Northam Shire in 2005/2006 were approximately the same as the previous year. There has been a slight increase in the number of enteric diseases and vaccine preventable diseases.

Waste Management

Approximately 263 tonnes of scrap metal was diverted from the landfill at Inkpen Road, and sent away for recycling at no extra cost to the Shire.

The Shire's oil acceptance facility at the Inkpen Landfill Site has allowed members of the public to dispose of used oil at no cost, which is sent to a processor for re-refining and reuse. Over 9000L of waste oil was received and collected for recycling in 2005/2006.

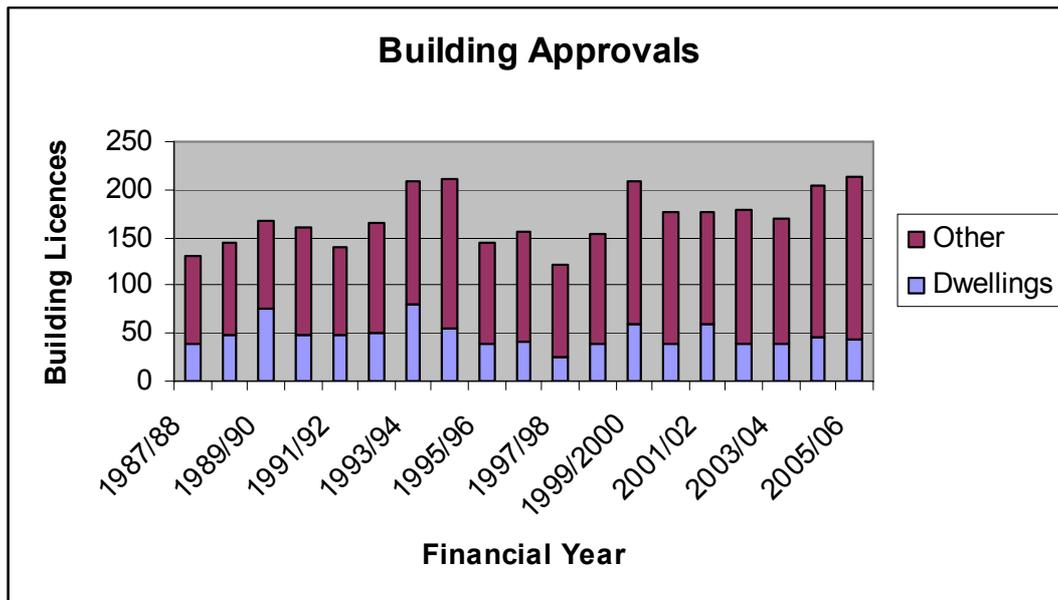
Over 22 tonnes of aluminium cans, steel cans, glass and plastic containers, cardboard and paper were collected at the drop-off points at Bakers Hill, Clackline, Grass Valley and Wundowie.



The Shire of Northam, in conjunction with *drumMuster* recycled 5740 chemical containers during the 2005/2006 Financial Year.

Building Control

A total of 213 buildings were approved this year, which included 43 dwellings. The number of approvals has increased from last year, mainly within the new subdivisions. The Shire is also offering Health and Building services to the Shire of Cunderdin.



Meat Inspection

In the 2005/2006 Financial Year, 33,092 cattle carcasses were inspected at PR Hepple & Sons abattoir. This figure is up on the previous year of 32,353. The trend is towards a reduction in veal processing.

Month	Beef		Veal	
	2006	2005	2006	2005
January	2071	2960	0	4
February	2536	2879	0	0
March	3039	2313	0	0
April	2284	2792	0	0
May	2941	2296	0	0
June	3908	2122	0	0
July		2952		0
August		2376		0
September		3123		0
October		2532		0
November		2493		0
December		2837		0
TOTAL	16779	31675	0	4



Ranger Services Report

FIRE CONTROL

ESL Funding:

The purpose of the Fire and Emergency Services Authority's, Emergency Services Levy (ESL) is to provide funding to the state's Emergency Services for all its operational requirements and the purchase of new Capital items including Appliances, Equipment and new Stations. This year the Shire of Northam was allocated \$46,390.00

A breakdown of how this was spent is set out below.

Expenditure Item	2005/2006 ACTUAL \$ Spent
Purchase of Plant & Equipment <\$1,000.00	\$ 0.00
Maintenance of Plant & Equipment	\$ 1,141.74
Maintenance of Vehicles	\$14,198.43
Maintenance of Land & Buildings	\$ 1,291.02
Clothing and Accessories	\$13,102.29
Utilities, Rates and Taxes	\$ 3,949.96
Other Goods and Services	\$ 898.65
Insurances	\$14,751.89
TOTAL	\$49,333.98
Variance (over budget)	\$ 2,943.98

Training

In conjunction with the Fire and Emergency Services Authority (FESA), formal training sessions were provided for Bush Fire Brigade Volunteers to gain competencies in fire fighting skills. Over fifteen (15) sessions were made available for volunteers and were well attended.

Fires

The following information was prepared from the records of the Deputy Chief Fire Weather Officer, Mr Eric Fox.

Northam Bushfire Brigade members attended 76 fires, involving 220 fire unit attendances. The fire unit attendances were made up of 91 Brigade units and 129 private units. Four of these fires were in other local authority areas, 11 involved more than one brigade and 3 were structural fires, namely 2 houses and 1 shed.

The main cause of the fires were as follows:

- 24 Escaped from burn-offs necessitating a brigade being called;
- 8 Power line and pole fires;
- 7 Vehicle accidents;
- 6 Lightning strikes;
- 2 Harvesting;
- 1 Lawnmower;
- 1 Whipper snipper; and
- 1 Angle grinder.



Infringements

A summary of the infringements issued by the Shire of Northam in 2005/2006 is shown below:

Notices Issued By Location	Number	Amount
Bakers Hill	15	2,800.00
Wundowie	8	1,100.00
Warranine	1	100.00
Grass Valley	1	0.00
Clackline	3	750.00
Southern Brook	1	250.00
Northam	1	250.00

Notices Issued By Infringement		
Dog Causing Nuisance	1	100.00
Unregistered Dog	3	300.00
Owners Name & Address Not on Collar	1	50.00
Failure to Control Dog in Exercise/Rural Area	2	200.00
Keeping More than the Prescribed Number of Dogs	2	200.00
Dog in Place Without Consent	2	200.00
Dog Unleashed in Certain Public Place	2	200.00
Failure to Comply with Firebreak Requirements 33(3)	14	3,500
Setting Fire to Bush During Prohibited Burning Times 17(12)	1	250.00
Lighting Fire During Restricted Burning Period 18	1	250.00

Notices Issued By Officer – Darren Andrews	29	
Cancelled Infringements	- 1	
Total:	28	5,250.00

PHIL STEVEN
MANAGER ENVIRONMENTAL HEALTH AND BUILDING



MANAGER, FINANCE AND ADMINISTRATION'S REPORT

The Shire of Northam, in the 2005/2006 Financial Year, has produced a healthy operating surplus result of \$893,822. This represents an increase of \$146,832 from previous financial years operating surplus result of \$746,990. The main contributors for the change being an increase in overall revenue of \$208,000 and a decrease in overall expenditure of \$631,000, from the Budget year to date figures. This was \$663,000 more than expected on the budget-operating surplus bottom line. Total depreciation for the year is up \$75,000 from the budget year to date figures.

Operating Grant income for the 2005/2006 Financial Year in excess of budget estimates by \$287,785. This figure is partially made up of:

- Roads to Recovery 2 subsidiary scheme payments of \$237,060 not budgeted.

Non Operating Grant Income is down \$265,045 due to the following:

- \$270,000 FESA grant for the Clackline Bush Fire Brigade 3.4 Rural Appliance did not occur.

The Shire continues to reduce its overall level of debt for 2005/2006 with again no new loans being raised and a total principal loan liability reducing from \$21,765 to \$3,895 outstanding as at the 30th June 2006. A \$3,000,000 loan for the Northam Saleyards project was not raised during the 2005/06 Financial Year.

- **2.4R Appliance – Clackline/Muresk Bush Fire Brigade**

The Fire and Emergency Services (FESA) due to provide the Shire's Clackline/Muresk Volunteer Bush Fire Brigade with a new 2.4 Rural Appliance valued at \$270,000 plus GST did not proceed, however the appliance is expected in 2006/07 along with a fire shed valued at \$46,000.

- **Department for Planning & Infrastructure (Transport) – Vehicle Licensing**

In 2005/2006 the Shire of Northam has again extended its contract to provide licensing agency services on behalf of the Department for Planning and Infrastructure (previously known as Department of Transport) to the Northam Region.

- **Reserve Funds**

In 2005/2006 the Shire received an unexpected subsidiary payment of \$237,060 from the Roads to Recovery 2 (R2R2) Programme which has been placed into the 'Roads and Bridgeworks Reserve' awaiting Council's decision on where the funds are to be earmarked. Again all major purchases of IT equipment and Office Furniture have been funded out of the 'Office Equipment Reserve'. All major Plant and Equipment acquisitions funded out of the 'Plant & Equipment Reserve'. The sale of 1 Wattle Crescent, Wundowie saw a new 'Housing Reserve Fund' created with the net proceeds of the sale of \$144,715. In view of upcoming amalgamation discussions the 'Employee Liability Reserve' has now been increase to \$196,275 to cash back Unused Long Service and Annual Leave current provisions both totalling \$234,369. Reserve Funds reached \$2,119, 964 as at 30th June 2006.

The 2005/06 Financial Year has once again seen a strong financial performance by the Shire of Northam. The Shire of Northam continues to meet the growing demands and compliance requirements placed upon it, including cost shifting by both State and Federal Government Agencies.



The Shire of Northam Administration office staff continue to meet these growing demands and challenges, remaining professional and delivering an efficient customer service to its residents and customers. I wish to extend my thanks and gratitude to them for their efforts throughout the 2005/06 year. I also wish to take this opportunity to thank the Shire Councillors, Officers, Ratepayers and Residents for their understanding, cooperation and assistance over the last year.

STUART BILLINGHAM
MANAGER, FINANCE & ADMINISTRATION



PLAN FOR THE FUTURE

The Local Government Act 1995 s5.56 requires a Local Government to develop a 'Plan for the Future'. The Local Government (Administration) Regulations 1996 r19C requires the Plan to cover at least 2 financial years. The Plan is a blueprint for the future of the district where the Council will be undertaking major activities in the near future; it enables residents to examine the direction of expenditure and to have input into the decision making process.

The plan is a summary of proposed future major works to be undertaken during the forthcoming four-year period, and has formed the basis of Council's budget for 2006/2007. The plan also identifies the sources of funds for these projects.

The plan must be developed in conjunction with the community and, when finalised, is to be the basis for the adoption of the annual budget for the Shire.

A draft of the Plan for the Future for the Shire of Northam is now available for comment and perusal by members of the public at the Council Offices during normal opening hours as required by Local Government (Administration) Regulations 1996 r19C(7).

The plan contains details of the Council's principal activities that are proposed to be commenced or to be continued in each financial year. It is designed to be an overview of the next four (4) financial years. It contains activities proposed by the Council over those years.

Community consultation during the development of the Plan for the Future of the District includes Local Public Notice of the availability of the Draft Plan, available for inspection at the Council Offices during normal opening hours and on the Shire Website as required by Local Government (Administration) Regulations 1996 r19C(8).

What is a Plan for the Future of the District?

The Shire of Northam is required by the Local Government Act 1995 s5.56 to prepare a 'Plan for the Future' for at least the next two (2) financial years.

The plan contains details of the Council's principal activities that are proposed to be commenced or to be continued in each financial year. It is designed to be an overview of the next four (4) financial years. It contains activities proposed by the Council over those years.

A principal activity includes:

- A major capital works project to be undertaken
- A major service to be provided
- A major assets replacement program
- A major land transaction
- A major trading undertaking



The following is a list of the Shire's principal activities, as detailed in its Plan for the Future, together with a report on each in terms of the agreed performance measures.

Principal Activities commenced or continued during financial year	Principal Activities Objectives	Local Government Performance against Measures
<p>Asset Acquisition & Replacement</p> <p>The purchase or replacement of assets excluding activities relating to roads, major land transactions and major capital works projects.</p>	<ol style="list-style-type: none"> 1. Minimising plant & vehicle replacement costs through efficient changeover. 2. Optimising the performance of plant items through efficient replacement policy. 3. Spreading replacement costs evenly to avoid expenditure peaks and troughs. 4. Facilitating an efficient work environment that encourages ongoing increases in productivity. 5. Provision of facilities and equipment necessary to maintain a high level of service to the community 6. Investigate the development of Community Housing, Facilities and Amenities to make the area more attractive to prospective residents and enhance the lifestyle of existing residents. 7. Investigate the acquisition of land to develop Residential, Commercial and Industrial lots. 	<p>Senior Management has undertaken a review of the plant and equipment activity for the 2005/2006 financial year and are satisfied that the objectives have been met for this activity.</p>
<p>Road Asset Management</p> <p>The management of the road infrastructure system including the road pavement, footpaths, drainage, street lighting, verge maintenance and signs.</p>	<p>To maintain and improve the quality and useful economic life of the road infrastructure system in the most efficient manner possible.</p>	<p>Measurement currently under way for 2005/2006.</p> <ol style="list-style-type: none"> 1. Feedback from Elected Members to establish the extent of complaints or comments on the quality of the road surfaces within the district. 2. The comparison of road maintenance costs between years to establish a benchmark of average costs



Principal Activities commenced or continued during financial year	Principal Activities Objectives	Local Government Performance against Measures
		<p>of road maintenance.</p> <p>3. An annual inspection and review by the Chief Executive Officer and Elected Members to determine the adequacy and quality of road facilities within the district.</p> <p>4. Benchmarking with neighbouring and other similar size Local Governments to ensure costs are comparable.</p>
<p>Recreational Facilities</p> <p>The development and maintenance of facilities, parks, reserves, and other public open space facilities for passive and active recreation.</p>	<p>To provide and maintain the aesthetic and functional amenity of parks and recreation facilities for the benefit and enjoyment of visitors and residents of the district.</p>	<p>Measurement currently under way for 2005/2006.</p> <p>1. Feedback from the community regarding the provision of passive and active recreation facilities measured by annual comparison.</p> <p>2. An annual inspection and review by the Chief Executive Officer and Elected Members to determine the adequacy of recreation facilities within the district.</p> <p>3. Six (6) monthly progress report to Council.</p>

OVERVIEW OF PRINCIPAL ACTIVITIES - PROPOSED TO COMMENCE OR TO CONTINUE IN THE 2006/2007 FINANCIAL YEAR

Principal Activity	Time Frame	Description
Plant Replacement program	10 year forward looking programme	Programme for replacement of Works Heavy Plant.
Bush Fire Brigade Appliance replacement program	15-year forward looking replacement program. (FESA 5yr Appliance Program)	Seven (7) Volunteer Bush Fire Brigades Appliance replacement programme.
Wundowie Oval Wastewater Treatment Plant	Listed on 2006/2007 Budget	Upgrade and repair of Wundowie Dam to water Wundowie Oval.
Bakers Hill Rural Town Program (Salinity Control)	Listed on 2006/2007 Budget	Continuation of work commenced in 2005/2006
Wundowie Swimming Pool Capital Works	Listed on 2006/2007 Budget	Major Capital upgrade and repairs and maintenance



Principal Activity	Time Frame	Description
Northam Visitors Centre	Listed on 2006/2007 Budget	Ongoing financial support for Visitor Servicing at Visitors Centre.
FESA Fire Station construction Wundowie	Listed on 2006/2007 Budget	Shire project management of construction of FESA Fire Station in Wundowie
Northam Saleyards	Listed on 2006/2007 Budget	Relocation of Midland Saleyards to Northam

DISABILITY SERVICES PLAN

During the 2005/2006 financial year Council continued its commitment to improving access to Shire buildings and facilities.

This includes the provision of:

- Modifying existing toilet facilities and ensuring new public toilet facilities meet the needs of people with disabilities.
- Improving wheelchair and disabled access to new and existing buildings and facilities, such as the Wundowie Swimming Pool disable hoist access to pool and wheel chair access to toilets and change rooms.

There are essentially five outcomes aimed at in the Disability Services Plan

1 Existing functions, facilities and services are adapted to ensure they meet the needs of people with disabilities.

This outcome is aimed at ensuring aspects of the management and delivery of services, which act as barriers to people with disabilities, are addressed.

2 Access to buildings and facilities is improved.

This outcome is aimed at ensuring the internal building space as well as the surrounding built environment is accessible for people with disabilities.

3 Information about function, facilities and services is provided in formats, which meet the communication requirements of people with disabilities.

This outcome is aimed at enhancing the different modes of communication and communication formats for people with disabilities.

4 Staff awareness of the needs of people with disabilities and skills in delivering advice and services are improved.

This outcome is aimed at ensuring services are delivered by staff who have the skills and knowledge to communicate appropriately with people with disabilities.

5 Opportunities for people with disabilities to participate in public consultation, grievance mechanisms and decision making processes are provided.



This outcome is aimed at ensuring that people with disabilities have the same opportunity to participate in consultation, grievance mechanisms and decision-making processes as the general public.

Council's eventual goal is to achieve all five outcomes in the Shire of Northam Disability Services Plan. The Shire's main administration building catering for disabled parking, wheelchair access, counter enquires and toilets. The Bakers Hill Equestrian Park building provides disabled access to the main buildings two disabled toilets. The Bakers Hill Pavilion also catering for disabled access and providing disabled toilets. The Grass Valley Hall upgraded with disabled toilets. The Clackline Lion Park public toilets and picnic area catering for disabled access.

The Wundowie Public Swimming Pool facility recently upgraded with in-situ concrete footpaths and main access and wheelchair access to the main pool improved, utilising a stainless steel hydraulic disabled pool hoist, proudly funded by Lotterywest and the Shire of Northam.

NATIONAL COMPETITION POLICY

A review of the Shire of Northam Local Laws was undertaken in 2000. The review identified those local laws which were outdated requiring repeal or have been made redundant by other legislation and those local laws requiring changes to comply with the National Competition Policy (NCP).

As required by the Local Government Act 1995 the Shire of Northam Local Laws are to be reviewed every (8) eight years. As part of the ongoing review process the requirements of the NCP will be addressed and changes made to Local Laws where required.

STATE RECORDS ACT 2000 COMPLIANCE

The Shire of Northam has developed a Record Keeping Policy and Record Keeping Plan to meet the compliance requirements of the State Records Act 2000 and the requirements of the State Records Commission of WA, Standard 2 – Record Keeping Plans and Principle 6 – Compliance.

The Records Keeping Plan is reviewed and evaluated at least once every 5 five years for efficiency and effectiveness of the organisation's record keeping systems.

The Shire of Northam has in place a record keeping training program ensuring that all Councillors and staff are aware of their roles and responsibilities in operating and maintaining the Records Keeping System. The efficiency and effectiveness of the record keeping training program is reviewed on an annual basis.

The Shire of Northam induction program addresses employee roles and responsibilities in regard to their compliance with the organisations record keeping plan.



COUNCIL & COMMUNITY SERVICES

Wundowie Telecentre (Incorporating
Wundowie LIBRARY)
Boronia Avenue Wundowie.....
.....9573 6205

Operating Hours:

Monday 12.00 pm to 5.00 pm
Tuesday 12.00 pm to 5.00 pm
Wednesday 12.00 am to 7.00 pm
Thursday 12.00 pm to 5.00 pm
Friday 9.00 am to 7.00 pm
Saturday.....9.00 am to 12.00 noon

Recreation Ovals

..... Bookings
Bakers Hill.....9574 0500
Grass Valley.....9622 9626
Wundowie9573 6205
& Shire of Northam9622 1099

Community Halls

..... Bookings
Clackline9574 1413
Bakers Hill.....9574 0500
Grass Valley9622 9626
Irishtown.....0427 374 596
Southern Brook.....9622 3494
Wundowie9573 6205

Swimming Pool

Wundowie9573 6344

Caravan Park

Bakers Hill.....9574 1408

Tourist Information Bays

Opposite Store Clackline
Hooper Park..... Bakers Hill
Entry to Wundowie..... Wundowie

Air Strip

Withers Street9622 3248
(Northam)

Aged Persons' Facilities

Wundowie9622 1099

Rubbish Tip

Inkpen Road.....Inkpen

Hours:

Tuesday, Wednesday, Thursday & Friday
.....2.00pm to 5.00pm
Saturday, Sunday & Public Holidays
(Including Monday Public Holidays)
.....9.00 am to 5.00 pm
Mondays **Closed**

Rubbish Tip (Cont'd)

Enquiries:

Contact Shire of Northam Administration
Office 9622 1099

Emergency Services

Ambulance:

Wundowie..... 000
Northam..... 9622 2233
or 000

Police:

Wundowie..... 9573 6244
Northam..... 131 444
Life Threatening Emergency only..... 000

Bush Fire Brigade..... 000

Shire Office..... 9622 1099
Eric Fox 9622 1364
Doug Morgan..... 9622 1002
(Chief Bush Fire Control Officer)

Fire & Rescue Service..... 000

State Emergency Service:

Northam..... 9622 3322
or Northam Police..... 131 444

Western Power:

Enquiries 131 353
Emergency 131 351

Progress Associations

Clackline..... 9574 1413
Bakers Hill 9574 0500
Grass Valley 9622 9626
Spencers Brook..... 9622 7703
Wundowie..... 9397 6248

Townscape Committees

Contact your local Progress Association for
details

Health Advisory Committee

Shire of Northam 9622 1099

Private Works

Council is happy to undertake certain private
works, provided the Works Program schedule
is not disrupted. Contact Council's Works
Coordinator for further information.



Septic Tank Pump Outs

The following contractor is licensed to undertake septic tank cleaning:

J C & M R Lupton.....9622 2731

Tourist Information

Contact Northam Visitors Centre
1 Grey Street.....9622 2100

Rubbish Removal

Council's contractor (Avon Waste) supplies the initial 240-litre bin. If a bin is lost or stolen, it is the responsibility of the ratepayer to replace the bin.

Ranger Services

The Shire of Northam now has a 'joint' Ranger Service with the Town of Northam and the Shire of Toodyay for enforcement of various Acts, Regulations and Local Laws. To contact Ranger Services call 9547 4555.

Dog Registrations

Dogs over the age of three months must be registered as from 1st November each year for 12 months ending the following 31st October.

Annual Registration – *Unsterilised* dog or bitch (unless a concession applies)

.....\$30.00

Annual Registration - *Sterilised* dog or bitch

.....\$10.00

(On production of a Veterinary Certificate or a Statutory Declaration that the animal of either sex has been effectively sterilised, the lesser charge will be made)

- Pensioners receive a 50% concession on these fees.

Dog Owners' Responsibilities

- Registering your dog with the Local Council;
- Ensuring your dog is wearing a tag showing your name and address, as well as the registration tag;
- Ensuring your dog is unable to escape from your yard;
- Leashing your dog in public;
- Taking responsibility for any damage your dog has caused.

A number of on-the-spot fines are applicable eg it is an offence not to register your dog and you could be fined \$100 on the spot.

Dog Owners' Responsibilities (Cont'd)

Impoundment of Dog..... \$60.00

Sustenance \$11.00 per day

Shire of Northam Cat Local Laws

Poundage and permit fees are as follows:

Impoundment of Cat..... \$30.00

Sustenance \$4.00 per day

Destruction of Cat.....\$16.50 incl. GST

Permit to keep more than two cats.... \$20.00

Infringements issued under the local law as follows:

Failure to identify a cat \$100.00

'M' tattooed on cat when **no** microchip

..... \$100.00

Interference with or removal of identification

of cat..... \$100.00

Keeping of three or more cats on premises

without permit \$100.00

Unauthorised release of impounded cat

..... \$250.00

Destroy, break into, damage or interfere with

pound or cat container..... \$250.00

Abandonment of a cat \$250.00

DRIVER'S LICENCES, MOTOR VEHICLE LICENCES, LEARNER'S PERMITS, FIREARM'S LICENCES

Driver's licences, vehicle licences and firearm's licences may all be renewed at the Shire Administration Office. Licensing staff are also able to assist with the registration of new vehicles, motor vehicle transfers and ordering of personalised number plates.

Vehicle inspections are carried out by:

Host Auto Repairs 9622 2102

Autopro Northam 9622 1178

Heavy Vehicle Inspections by Western Power

..... 9622 6233



SNIPPETS OF INFORMATION

Building Licences issued..... 213

Infringement Notices issued:

Bush Fire (Firebreaks) 16

Dog Act 13

Number of Swimming Pools in Shire of Northam 167

Kennels Registered 21

Number of Dogs Registered 832

Abattoir Statistics - Inspections (Health Act):

Cattle Inspected 33,092

Department for Planning & Infrastructure - Licensing:

TOTAL for the Year 20,248

This is the total of receipts only and does not include transactions and time taken in relation to updating of records, changes of addresses, printing of renewals, adding concessions or dealing with other general inquiries by the public.

Library Members:

Wundowie 834

Adult..... 551

Junior 283

Length of Roads:

Sealed (km).....347.34km

Unsealed (km).....292.63km

Total Length of Roads within the Shire of Northam.....639.97km



FINANCE

SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

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SHIRE OF NORTHAM

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Northam being the annual financial report and other information for the financial year ended 30th June 2006 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northam at 30th June 2006 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 regulations under that Act.

Signed on the 28th day of August 2006.

Allan Middleton
Chief Executive Officer

SHIRE OF NORTHAM

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	1,368,811	1,379,580	1,337,773
Grants and Subsidies	28	1,826,645	1,538,860	1,397,863
Contributions Reimbursements and Donations		341,062	29,910	350,538
Fees and Charges	27	672,180	581,910	635,949
Interest Earnings	2(a)	163,244	142,620	138,921
Other Revenue		300,923	791,630	187,942
		<u>4,672,865</u>	<u>4,464,510</u>	<u>4,048,986</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(1,290,121)	(1,306,650)	(1,276,498)
Materials and Contracts		(532,092)	(527,010)	(516,962)
Utilities		(66,809)	(69,780)	(71,288)
Depreciation	2(a)	(965,651)	(889,920)	(882,012)
Interest Expenses	2(a)	(901)	(98,560)	(1,908)
Insurance		(149,702)	(163,070)	(136,366)
Other Expenditure		(882,783)	(1,464,860)	(564,783)
		<u>(3,888,059)</u>	<u>(4,519,850)</u>	<u>(3,449,817)</u>
		784,806	(55,340)	599,169
Grants and Subsidies - non-operating	28	4,955	270,000	108,345
Profit on Asset Disposals	20	121,754	19,550	54,082
Loss on Asset Disposals	20	<u>(17,693)</u>	<u>(3,340)</u>	<u>(14,606)</u>
NET RESULT		<u><u>893,822</u></u>	<u><u>230,870</u></u>	<u><u>746,990</u></u>

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

SHIRE OF NORTHAM

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES 2(a)				
Governance		45,747	11,600	39,003
General Purpose Funding		2,196,721	2,089,620	2,067,125
Law, Order, Public Safety		99,628	366,770	465,523
Health		147,134	135,340	136,258
Education and Welfare		0	0	280
Housing		113,220	307,540	23,429
Community Amenities		402,629	344,110	324,500
Recreation and Culture		56,119	32,770	68,224
Transport		1,456,538	1,024,770	944,730
Economic Services		225,702	413,300	69,840
Other Property and Services		38,445	24,900	57,896
		<u>4,781,883</u>	<u>4,750,720</u>	<u>4,196,808</u>
EXPENSES FROM ORDINARY ACTIVITIES 2(a) EXCLUDING BORROWING COSTS EXPENSE				
Governance		312,982	350,860	301,779
General Purpose Funding		44,513	47,160	42,302
Law, Order, Public Safety		340,139	342,780	369,482
Health		212,003	204,890	187,597
Education and Welfare		1,314	1,790	843
Housing		49,755	328,650	33,618
Community Amenities		524,705	499,920	410,615
Recreation & Culture		458,518	537,310	472,658
Transport		1,466,401	1,461,770	1,276,064
Economic Services		424,572	715,190	235,401
Other Property and Services		52,094	28,470	117,397
		<u>3,886,996</u>	<u>4,518,790</u>	<u>3,447,756</u>
BORROWING COSTS EXPENSE 2(a)				
Housing		340	340	416
Economic Services		725	720	1,646
		<u>1,065</u>	<u>1,060</u>	<u>2,062</u>
NET RESULT		<u><u>893,822</u></u>	<u><u>230,870</u></u>	<u><u>746,990</u></u>

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

SHIRE OF NORTHAM

BALANCE SHEET

AS AT 30TH JUNE 2006

	NOTE	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,734,179	1,891,747
Trade and Other Receivables	4	351,807	305,224
Inventories	5	7,789	3,739
TOTAL CURRENT ASSETS		<u>3,093,775</u>	<u>2,200,710</u>
NON-CURRENT ASSETS			
Other Receivables	4	71,657	90,227
Property, Plant and Equipment	6	5,227,942	5,379,203
Infrastructure	7	13,335,538	13,185,489
TOTAL NON-CURRENT ASSETS		<u>18,635,137</u>	<u>18,654,919</u>
TOTAL ASSETS		<u>21,728,912</u>	<u>20,855,629</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	159,618	166,798
Long Term Borrowings	9	1,208	17,870
Provisions	10	234,369	238,202
TOTAL CURRENT LIABILITIES		<u>395,195</u>	<u>422,870</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	2,686	3,895
Provisions	10	105,443	97,098
TOTAL NON-CURRENT LIABILITIES		<u>108,129</u>	<u>100,993</u>
TOTAL LIABILITIES		<u>503,324</u>	<u>523,863</u>
NET ASSETS		<u>21,225,588</u>	<u>20,331,766</u>
EQUITY			
Retained Surplus		18,673,026	18,326,745
Reserves - Cash Backed	11	2,119,964	1,572,423
Reserves - Asset Revaluation	12	432,598	432,598
TOTAL EQUITY		<u>21,225,588</u>	<u>20,331,766</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 2006

	NOTE	2006	2005
		\$	\$
RETAINED SURPLUS			
Balance as at 1 July 2005		18,326,745	17,723,139
Net Result		893,822	746,990
Transfer from/(to) Reserves		<u>(547,541)</u>	<u>(143,384)</u>
Balance as at 30 June 2006		<u>18,673,026</u>	<u>18,326,745</u>
 RESERVES - CASH BACKED			
Balance as at 1 July 2005		1,572,423	1,429,039
Amount Transferred (to)/from Retained Surplus		<u>547,541</u>	<u>143,384</u>
Balance as at 30 June 2006	11	<u>2,119,964</u>	<u>1,572,423</u>
 RESERVES - ASSET REVALUATION			
Balance as at 1 July 2005		432,598	432,598
Revaluation Increment		0	0
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2006	12	<u>432,598</u>	<u>432,598</u>
TOTAL EQUITY		<u>21,225,588</u>	<u>20,331,766</u>

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

SHIRE OF NORTHAM

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,398,344	1,379,580	1,330,301
Grants and Subsidies - operating		1,826,645	1,542,360	1,397,863
Contributions, Reimbursements & Donations		341,062	29,910	350,538
Fees and Charges		672,180	582,010	635,949
Interest Earnings		163,244	145,321	142,162
Goods and Services Tax		243,241	270,000	143,484
Other		118,600	910,196	274,746
		<u>4,763,316</u>	<u>4,859,377</u>	<u>4,275,043</u>
Payments				
Employee Costs		(1,285,609)	(1,296,650)	(1,225,430)
Materials and Contracts		(531,529)	(514,271)	(529,402)
Utilities (gas, electricity, water, etc)		(66,809)	(69,780)	(71,288)
Insurance		(149,702)	(163,070)	(136,366)
Interest		(1,065)	(98,560)	(2,216)
Goods and Services Tax		(243,241)	(270,000)	(250,817)
Other		(769,636)	(1,464,860)	(597,263)
		<u>(3,047,591)</u>	<u>(3,877,191)</u>	<u>(2,812,782)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>1,715,725</u>	<u>982,186</u>	<u>1,462,261</u>
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(577,530)	(4,237,510)	(1,073,229)
Payments for Construction of				
Infrastructure		(676,717)	(749,130)	(826,145)
Grants/Contributions for				
the Development of Assets		4,955	270,000	108,345
Proceeds from Sale of				
Plant & Equipment		393,869	405,680	386,215
		<u>393,869</u>	<u>405,680</u>	<u>386,215</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(855,423)</u>	<u>(4,310,960)</u>	<u>(1,404,814)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(17,870)	(42,580)	(16,873)
Proceeds from New Debentures		0	3,100,000	0
		<u>0</u>	<u>3,100,000</u>	<u>0</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>(17,870)</u>	<u>3,057,420</u>	<u>(16,873)</u>
Net Increase (Decrease) in Cash Held		842,432	(271,354)	40,574
Cash at Beginning of Year		1,891,747	1,891,747	1,851,173
Cash at End of Year	13(a)	<u><u>2,734,179</u></u>	<u><u>1,620,393</u></u>	<u><u>1,891,747</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 2006

	NOTE	2006 \$	2006 Budget \$
REVENUES			
Governance		45,747	11,600
General Purpose Funding		827,910	710,040
Law, Order, Public Safety		99,628	366,770
Health		147,134	135,340
Housing		113,220	307,540
Community Amenities		402,629	344,110
Recreation and Culture		56,119	32,770
Transport		1,456,538	1,024,770
Economic Services		225,702	413,300
Other Property and Services		38,443	24,900
		<u>3,413,070</u>	<u>3,371,140</u>
EXPENSES			
Governance		(312,982)	(350,860)
General Purpose Funding		(44,513)	(47,160)
Law, Order, Public Safety		(340,139)	(342,780)
Health		(212,003)	(204,890)
Education and Welfare		(1,314)	(1,790)
Housing		(50,095)	(328,990)
Community Amenities		(524,705)	(499,920)
Recreation & Culture		(458,518)	(537,310)
Transport		(1,466,401)	(1,461,770)
Economic Services		(425,296)	(715,910)
Other Property and Services		(52,094)	(28,470)
		<u>(3,888,060)</u>	<u>(4,519,850)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(104,061)	(16,210)
Movement in Accrued Interest		(164)	0
Movement in Employee Provisions		4,512	10,000
Depreciation on Assets		965,651	889,920
Capital Expenditure and Revenue			
Purchase Land and Buildings		(169,813)	(3,318,280)
Purchase Infrastructure Assets		(676,717)	(749,130)
Purchase Bushfire Equipment		0	(270,000)
Purchase Plant and Equipment		(376,137)	(617,010)
Purchase Furniture and Equipment		(31,580)	(32,220)
Proceeds from Disposal of Assets		393,869	405,680
Repayment of Debentures		(17,870)	(42,580)
Proceeds from New Debentures		0	3,100,000
Transfers to Reserves (Restricted Assets)		(848,288)	(256,730)
Transfers from Reserves (Restricted Assets)		300,747	262,680
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		551,985	403,010
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		885,955	0
Amount Req'd to be Raised from Rates	22	<u><u>(1,368,811)</u></u>	<u><u>(1,379,580)</u></u>

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards, the Local Government Act 1995 (as amended and accompanying regulations (as amended)). He report has also been prepared on the accrual basis under the convention of historical cost accounting.

First AIFRSs Financial Report

This is the Shire's first Australian equivalents to International Financial Reporting Standards ("AIFRSs") annual financial report covered by AIFRSs and AASB1 "First Time Adoption of Australian equivalents to International Financial Reporting Standards".

The preparation of the annual financial report in accordance with AIFRSs resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Principles ("previous GAAP").

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRSs balance sheet as at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is not material as explained in Note 35.

Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Shire complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 "Financial Reporting by Local Governments" also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which the Council 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, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

(d) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Balance Sheet. Land under roads are excluded from infrastructure in accordance with legislative requirements.

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

General

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the Income Statement as at the time of signing a binding contract of sale.

(f) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

<u>Land & Buildings</u>		
Buildings	50 years	2.00%
Land & Buildings	50 years	2.00%
<u>Furniture and Equipment</u>		
	5 years	20.00%
<u>Information Technology</u>		
	4years	25.00%
<u>Plant and Equipment</u>		
Graders,Loaders & Heavy Equipment	10 years	10.00%
Trucks	5 years	20.00%
Cars	20 years	5.00%
Tools	3.33 years	30.00%
Utilities	4 years	25.00%
<u>Bridges & Culverts</u>		
Timber	50 years	2.00%
Steel & Concrete	100 years	1.00%
<u>Sealed roads and streets</u>		
Construction-Road Reconstruction	50 years	2.00%
Original surfacing and major re-surfacing		
- bituminous seals	15 years	6.66%
- asphalt surfaces	20 years	5.00%
<u>Unsealed Roads</u>		
Construction-Subgrade	50 years	2.00%
Gravel resheet	10 years	10.00%
<u>Concrete Kerbing</u>	50 years	2.00%
<u>Footpaths</u>		
Concrete	40 years	2.50%
Asphalt, bitumen surfaces	20 years	5.00%
<u>Main Drains & water</u>		
Retarding Basins	85 years	1.17%
<u>Sewerage piping</u>	100 years	1.00%
<u>Water supply piping</u>	95 years	1.05%

(g) 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 company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under 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.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Impairment

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 estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

(j) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement. Information about the joint venture is set out in Note 16.

(k) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Annual Leave and Long Service Leave (Long-term Benefits)

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

(l) 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 operation for the current reporting period.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Superannuation

The Shire of Northam contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

(n) Interest Rate Risk

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 21(e).

(o) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

(p) Fair Value

The fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds fair value have not been written down as the Council intends to hold these assets to maturity.

The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial report.

(q) Rounding Off Figures

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

(r) Comparative Figures

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. REVENUES AND EXPENSES	2006	2005
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
Audit	6,110	5,810
RTR Audit	0	480
Other Services	800	200
	<u>6,910</u>	<u>6,490</u>
Depreciation		
Land & Buildings	71,405	67,775
Furniture and Equipment	34,007	32,282
Plant and Equipment	226,640	210,955
Bush Fire Equipment	103,961	98,361
Infrastructure Assets	526,668	469,669
Playground Equipment	2,970	2,970
	<u>965,651</u>	<u>882,012</u>
Interest Expenses		
Debentures (<i>refer Note 21(a)</i>)	1,064	2,062
Accrued Interest Expense	(163)	(154)
	<u>901</u>	<u>1,908</u>
(ii) Crediting as Revenue:		
	2006	2006
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	92,035	78,620
- Other Funds	51,018	45,000
Other Interest Revenue (<i>refer note 26</i>)	20,191	19,000
	<u>163,244</u>	<u>142,620</u>
		<u>138,921</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Northam is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Administration and operation of facilities and services to members of Council, other costs that relate tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Supervision of various local laws, fire prevention, emergency services and animal control.

HEALTH

Food quality and pest control, immunisation services and inspection of abattoirs.

EDUCATION AND WELFARE

Assistance to playgroups and other voluntary services

HOUSING

Maintenance of rental housing (including aged accomodation)

COMMUNITY AMENITIES

Rubbish collection services, operation of tips, noise control, administration of town planning scheme, maintenance of cemeteries, community and environmental services.

RECREATION AND CULTURE

Maintenance of community halls and facilities, the Wundowie swimming pool, Wundowie library and various reserve, parks and recreation grounds.

TRANSPORT

Construction and maintenance of roads, bridges, drainage works, footpaths, parking facilities, traffic and street cleaning. Licensing transactions on behalf of the Department of Transport.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control, saleyards, noxious control, plant nursery and standpipes

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operations costs.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. OPERATING REVENUES AND EXPENSES (Continued)

	2006 \$	2005 \$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Waste Oil Grant Dept of Enviroment (Community Amenities)	0	7,393
Rural Towns Salinity Program (Community Amenities)	10,000	10,000
	<u>10,000</u>	<u>17,393</u>
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Waste Oil Grant Dept of Enviroment (Community Amenities)	0	(7,393)
Rural Towns Salinity Program (Community Amenities)	(6,070)	0
	<u>3,930</u>	<u>10,000</u>
Closing balances of unexpended grants		
Comprises:		
Rural Towns Salinity Program (Community Amenities)	<u>3,930</u>	<u>10,000</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	610,285	309,324
Restricted:Cash	1,608,692	1,582,423
:Cash Equivalent Investment	515,202	0
	2,734,179	1,891,747

The following restrictions have been imposed by regulations or other externally imposed requirements:

Aged Accomodation Reserve	175,488	173,805
Cemetery Reserve	0	113,713
Employee Future Liability Reserve	196,275	149,351
Housing Reserve	157,138	0
Meat Inspection Reserve	162,101	147,142
Office Equipment Reserve	35,423	30,241
Plant & Equipment Reserve	463,771	414,241
Recreation Reserve	231,571	126,096
Refuse Reserve	101,408	95,910
Road & Bridgeworks Reserve	596,789	321,924
Total Reserves	2,119,964	1,572,423
Unspent Grants	3,930	10,000
	2,123,894	1,582,423

Total Reserves represented by :

Cash	1,604,762	1,582,423
Cash Equivalent Investment in Enhanced Cash Fund units	515,202	0
	2,119,964	1,582,423

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	104,063	116,201
Sundry Debtors	181,291	113,371
GST Receivable	11,528	23,158
Charges Outstanding	47,564	45,305
Pensioner Rebates	7,361	7,189
	351,807	305,224

Non-Current

Deferred Rates - Pensioners	71,657	90,227
	71,657	90,227

5. INVENTORIES

Current

Fuel and Materials	7,789	3,739
	7,789	3,739

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2005 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	4,273,128	4,190,115
Less Accumulated Depreciation	<u>(927,746)</u>	<u>(878,195)</u>
	3,345,382	3,311,920
Furniture and Equipment - Cost	330,260	343,413
Less Accumulated Depreciation	<u>(228,010)</u>	<u>(238,713)</u>
	102,250	104,700
Plant and Equipment - Cost	2,083,469	2,080,291
Less Accumulated Depreciation	<u>(932,938)</u>	<u>(854,418)</u>
	1,150,531	1,225,873
Tools - Cost	3,756	3,756
Less Accumulated Depreciation	<u>(3,756)</u>	<u>(3,756)</u>
	0	0
Bush Fire Brigade Equipment - Cost	1,167,759	1,170,305
Less Accumulated Depreciation	<u>(541,755)</u>	<u>(440,340)</u>
	626,004	729,965
Playground Equipment - Cost	29,700	29,700
Less Accumulated Depreciation	<u>(25,925)</u>	<u>(22,955)</u>
	3,775	6,745
	<u><u>5,227,942</u></u>	<u><u>5,379,203</u></u>

These assets are now subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Bushfire Equipment \$	Tools \$	Playground Equipment \$	Total \$
Balance as at 1 July 2005	3,311,920	104,700	1,225,873	729,965	0	6,745	5,379,203
Additions	169,813	31,580	376,137	0	0	0	577,530
Disposals (WDV)	(64,946)	(23)	(224,839)	0	0	0	(289,808)
Depreciation (Expense)	(71,405)	(34,007)	(226,640)	(103,961)	0	(2,970)	(438,983)
Balance as at 30 June 2006	<u>3,345,382</u>	<u>102,250</u>	<u>1,150,531</u>	<u>626,004</u>	<u>0</u>	<u>3,775</u>	<u>5,227,942</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	28,293,387	27,616,670
Less Accumulated Depreciation	<u>(19,076,828)</u>	<u>(18,654,390)</u>
	9,216,559	8,962,280
Footpaths - Cost	419,756	419,756
Less Accumulated Depreciation	<u>(313,446)</u>	<u>(294,212)</u>
	106,310	125,544
Bridges & Culverts - Cost	7,725,860	7,725,860
Less Accumulated Depreciation	<u>(3,957,488)</u>	<u>(3,880,229)</u>
	3,768,372	3,845,631
Drainage - Cost	386,840	386,840
Less Accumulated Depreciation	<u>(270,788)</u>	<u>(263,051)</u>
	116,052	123,789
Parks & Ovals - Cost	<u>128,245</u>	<u>128,245</u>
	<u>13,335,538</u>	<u>13,185,489</u>

These assets are now subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Bridges and Culverts	Total \$
Balance as at 1 July 2005	8,962,280	125,544	123,789	128,245	3,845,631	13,185,489
Additions	676,717	0	0	0	0	676,717
Depreciation (Expense)	(422,438)	(19,234)	(7,737)	0	(77,259)	(526,668)
Balance as at 30 June 2006	<u>9,216,559</u>	<u>106,310</u>	<u>116,052</u>	<u>128,245</u>	<u>3,768,372</u>	<u>13,335,538</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	147,985	143,372
Sundry Creditors-Taxation	11,528	23,158
Accrued Interest on loans	105	269
	<u>159,618</u>	<u>166,798</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Loan Liability	<u>1,208</u>	<u>17,870</u>
	<u>1,208</u>	<u>17,870</u>
Non-Current		
Secured by Floating Charge Loan Liability	<u>2,686</u>	<u>3,895</u>
	<u>2,686</u>	<u>3,895</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	140,514	139,473
Provision for Long Service Leave	93,855	98,729
	<u>234,369</u>	<u>238,202</u>
Non-Current		
Provision for Annual Leave	37,484	41,059
Provision for Long Service Leave	67,959	56,039
	<u>105,443</u>	<u>97,098</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2006 Budget \$	2005 \$
11. RESERVES - CASH BACKED			
(a) Aged Accomodation Reserve			
Opening Balance	173,805	173,805	167,042
Interest	9,883	8,690	8,181
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	(8,200)	(3,940)	(1,418)
	<u>175,488</u>	<u>178,555</u>	<u>173,805</u>
(b) Cemetery Reserve			
Opening Balance	113,713	113,713	89,248
Interest	4,631	5,686	4,465
Amount Set Aside / Transfer to Reserve	0	0	20,000
Amount Used / Transfer from Reserve	(118,344)	0	0
	<u>0</u>	<u>119,399</u>	<u>113,713</u>
(c) Employees Future Liability Reserve			
Opening Balance	149,351	149,351	151,262
Interest	8,900	7,468	7,371
Amount Set Aside / Transfer to Reserve	51,202	31,180	1,250
Amount Used / Transfer from Reserve	(13,178)	(27,290)	(10,532)
	<u>196,275</u>	<u>160,709</u>	<u>149,351</u>
(d) Housing Reserve			
Opening Balance	0	0	0
Interest	1,423	0	0
Amount Set Aside / Transfer to Reserve	155,715	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>157,138</u>	<u>0</u>	<u>0</u>
(e) Meat Inspection Reserve			
Opening Balance	147,142	147,142	114,174
Interest	8,489	7,357	5,718
Amount Set Aside / Transfer to Reserve	6,470	6,810	27,250
Amount Used / Transfer from Reserve	0	0	0
	<u>162,101</u>	<u>161,309</u>	<u>147,142</u>
(f) Office Equipment Reserve			
Opening Balance	30,241	30,241	55,615
Interest	1,763	1,512	2,600
Amount Set Aside / Transfer to Reserve	30,000	0	0
Amount Used / Transfer from Reserve	(26,581)	(28,720)	(27,974)
	<u>35,423</u>	<u>3,033</u>	<u>30,241</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2006 Budget \$	2005 \$
11. RESERVES - CASH BACKED (Continued)			
(g) Plant & Equipment Reserve			
Opening Balance	414,241	414,241	386,844
Interest	23,974	20,712	15,313
Amount Set Aside / Transfer to Reserve	160,000	145,740	158,000
Amount Used / Transfer from Reserve	<u>(134,444)</u>	<u>(152,730)</u>	<u>(145,916)</u>
	<u>463,771</u>	<u>427,963</u>	<u>414,241</u>
(h) Recreation Reserve			
Opening Balance	126,096	126,096	79,028
Interest	8,116	6,305	4,068
Amount Set Aside / Transfer to Reserve	97,359	73,000	43,000
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>231,571</u>	<u>205,401</u>	<u>126,096</u>
(i) Refuse Reserve			
Opening Balance	95,910	95,910	91,429
Interest	5,498	4,795	4,481
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>101,408</u>	<u>100,705</u>	<u>95,910</u>
(j) Road & Bridgeworks Reserve			
Opening Balance	321,924	321,924	294,397
Interest	19,357	16,096	14,187
Amount Set Aside / Transfer to Reserve	255,508	0	50,000
Amount Used / Transfer from Reserve	<u>0</u>	<u>(50,000)</u>	<u>(36,660)</u>
	<u>596,789</u>	<u>288,020</u>	<u>321,924</u>
TOTAL CASH BACKED RESERVES	<u>2,119,964</u>	<u>1,645,093</u>	<u>1,572,423</u>
Total Interest	92,035	78,621	66,384

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

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

11. RESERVES - CASH BACKED (Continued)

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

Aged Accommodation Reserve

Provision of future capital works requirements for aged units at Kuringal Village, Wundowie, and other sites within the Shire of Northam.

Cemetery Reserve

Reserve established for the future study and construction of a crematorium and other capital works at the Northam cemetery. Reserve finalised in 2005/06 as crematorium not expected to proceed.

Employees Future Liability Reserve

Provision for employees future liability commitments, ie annual leave, long service leave requirements and negotiated gratuities and sickness payouts.

Housing Reserve

Reserve established for future construction of Community Housing in Wundowie
Expected to be utilised in 2008/09.

Meat Inspection Reserve

Provision for possible future losses in meat inspection operations in the event of abattoir closure.

Office Equipment Reserve

Acquisition and upgrading of Council offices, furniture, computers and general equipment. Funds not expected to be used in a set period as further transfer to the reserve account are expected as funds are utilised.

Plant & Equipment Reserve

Acquisition and upgrading of Council works plant and general equipment in accordance with plant replacement program. Funds not expected to be used in a set period as further transfer to the reserve account are expected as funds are utilised.

Recreation Reserve

Development and improvement of recreation and sporting facilities within the Shire of Northam.
2% of net rates levied each year set aside for the provision of recreation and sport facilities.
Includes Wundowie Oval Lighting upgrade funds expected to be utilised in 2007/08
Includes Wundowie Swimming Pool Capital Works funds expected to be utilised in 2006/07

Refuse Reserve

Provision of future waste management strategy within the Shire of Northam. Expected to be utilised in 2009/10

Road & Bridgeworks Reserve

Provision for upgrading of road and bridge infrastructure within the Shire of Northam. Funds not expected to be used in a set period as further transfer to the reserve account are expected as funds are utilised.

All the above reserves are not expected to be used within a set period as further transfers to/from the reserve accounts are expected as funds are utilised.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

11. RESERVES (Continued)	2006 Actual \$	2006 Budget \$	2005 Actual \$
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves*			
Aged Accomodation Reserve	9,883	8,690	8,181
Cemetery Reserve	4,631	5,686	24,465
Employees Future Liability Reserve	60,102	38,648	8,621
Housing Reserve	157,138	0	0
Meat Inspection Reserve	14,959	14,167	32,968
Office Equipment Reserve	31,763	1,512	2,600
Plant & Equipment Reserve	183,974	166,452	173,313
Recreation Reserve	105,475	79,305	47,068
Refuse Reserve	5,498	4,795	4,481
Road & Bridgeworks Reserve	274,865	16,096	64,187
	<u>848,288</u>	<u>335,351</u>	<u>365,884</u>
Transfers from Reserves			
Aged Accomodation Reserve	(8,200)	(3,940)	(1,418)
Cemetery Reserve	(118,344)	0	0
Employees Liability Reserve	(13,178)	(27,290)	(10,532)
Office Equipment Reserve	(26,581)	(28,720)	(27,974)
Plant & Equipment Reserve	(134,444)	(152,730)	(145,916)
Road & Bridgeworks Reserve	0	(50,000)	(36,660)
	<u>(300,747)</u>	<u>(262,680)</u>	<u>(222,500)</u>
Total Transfer to/(from) Reserves	<u>547,541</u>	<u>72,671</u>	<u>143,384</u>

*Includes Interest Earnings on Reserve Accounts

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

12. RESERVES - ASSET REVALUATION	2006	2005
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2005	432,598	432,598
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2006	<u>432,598</u>	<u>432,598</u>
(b) Roads		
Balance as at 1 July 2005	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2006	<u>0</u>	<u>0</u>
TOTAL ASSET REVALUATION RESERVES	<u>432,598</u>	<u>432,598</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, 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:

	2006 \$	2006 Budget \$	2005 \$
Cash and Cash Equivalents	<u>2,734,179</u>	<u>1,620,393</u>	<u>1,891,747</u>

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

Net Result	893,822	230,870	746,990
Depreciation	965,651	889,920	882,012
(Increase)/Decrease in Receivables	(28,013)	(145,133)	(49,016)
(Profit)/Loss on Sale of Asset	(104,061)	(16,210)	(39,476)
(Increase)/Decrease in Inventories	(4,050)	(1,261)	5,098
Increase/(Decrease) in Payables	(7,180)	284,000	(26,070)
Increase/(Decrease) in Employee Provisions	4,511	10,000	51,068
Grants/Contributions for the Development of Assets	<u>(4,955)</u>	<u>(270,000)</u>	<u>(108,345)</u>
Net Cash from Operating Activities	<u>1,715,725</u>	<u>982,186</u>	<u>1,462,261</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	100,000		100,000
Bank Overdraft at Balance Date	0		0
Credit Card limit	0		0
Credit Card Balance at Balance Date	0		0
Total Amount of Credit Unused	<u>100,000</u>		<u>100,000</u>

Loan Facilities

Loan Facilities - Current	1,208		17,870
Loan Facilities - Non-Current	2,686		3,895
Total Facilities in Use at Balance Date	<u>3,894</u>		<u>21,765</u>

Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>
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SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
Payable:		
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	<u>0</u>	<u>0</u>
Minimum Lease Payments	<u>0</u>	<u>0</u>
Less Future Finance Charges	<u>0</u>	<u>0</u>
Total Lease Liability	<u><u>0</u></u>	<u><u>0</u></u>
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	0	0
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	0

15. CONTINGENT LIABILITIES

There are no contingent liabilities to which the Shire of Northam is exposed as at the 30 June 2006

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

16. JOINT VENTURE

The Shire of Northam together with the Department of Housing and Works have a joint venture housing arrangement for the provision of eight (8) aged accommodation units at Lot 410 Kuringal Road, Wundowie. The Joint Venture has been established since 1996.

	2006	2005
	\$	\$
Non-Current Assets		
Land & Buildings (asset #406)	573,891	573,891
Less: Accumulated Depreciation	(116,444)	(104,966)
	<u>457,447</u>	<u>468,925</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	623,319	637,111
General Purpose Funding	411,936	372,293
Law, Order, Public Safety	719,955	857,286
Health	70,875	70,611
Housing	513,101	589,940
Community Amenities	327,206	344,159
Recreation and Culture	1,763,944	1,770,645
Transport	14,105,347	13,974,079
Economic Services	224,991	103,733
Other Property and Services	222,531	220,867
Unallocated	2,745,707	1,914,905
	<u>21,728,912</u>	<u>20,855,629</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

18. FINANCIAL RATIOS	2006	2005	2004
Current Ratio	7.47	2.27	2.98
Untied Cash to Trade Creditors Ratio	4.12	2.16	2.52
Debt Ratio	0.02	0.03	0.03
Debt Service Ratio	0.00	0.01	0.01
Gross Debt to Revenue Ratio	0.00	0.01	0.01
Gross Debt to Economically Realisable Assets Ratio	0.00	0.00	0.01
Rate Coverage Ratio	0.29	0.32	0.28
Outstanding Rates Ratio	0.07	0.08	0.07

The above rates are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

19. TRUST FUNDS

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

	Balance 1-Jul-05 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-06 \$
Deposits-Resited Buildings	18,100	15,000	(14,400)	18,700
Deposits-Extractive Industries	66,769	3,759	(2,279)	68,248
Other-(see note below)	229,832	15,952	(12,660)	233,124
Standpipe Keys	3,150	950	(400)	3,700
Building & Construction (BCITF)	0	15,456	(15,456)	0
BRB	0	7,768	(7,768)	0
Bond-Crossovers	1,500	0	(500)	1,000
Bond Aged Accom Wundowie	400	400	0	800
Police Licensing	0	4,090,985	(4,090,985)	0
	<u>319,751</u>			<u>325,573</u>
Other Funds				
T-3	YAC	Fundraising		\$937
T-5	Regional Road Group	Contributions		\$1,774
T-6	MJ & KM Cox	Rental Bond - 1 Wattle		\$500
T-210	Circletrack Promotions	Tyre Deposit		\$86,586
T-248	Wheatbelt North RRG	RRG Funds		\$20,000
T-323	Dival Nominees Pty Ltd	Bond Subdivision		\$4,340
T-340	Dudley L M	Rental Bond-Kuringal		\$200
T-347	L M Jones	Rental Bond-Kuringal		\$288
T-348	Dival Nominees Pty Ltd	Road Bond Subdivision		\$117,692
T-353	Cavaye Investments	Fire Management Plan		\$750
T-366	KJ & EJ Bulloch	Snrs Rebate		\$57
				<u>\$233,124</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

20. DISPOSALS OF ASSETS - 2005/06 FINANCIAL YEAR

The following assets were disposed of during the year.

	Sch	Net Book Value		Sale Price		Profit (Loss)	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Administration							
CEO Statesman N.3161 (#659)	4	35,090	36,495	32,518	36,500	(2,572)	5
CEO Statesman	4	0	36,495	0	36,500	0	5
MFA SV6 N.3177 (#660)	4	26,501	27,435	24,091	27,200	(2,410)	(235)
MFA SV6	4	0	27,435	0	27,200	0	(235)
Comp Monitor #563	4	12	0	0	0	(12)	0
Comp Monitor #564	4	12	0	0	0	(12)	0
Law Order Public Safety							
Ranger Vehicle 4WD	5	20,871	23,160	27,000	30,000	6,129	6,840
Health							
MEHBS XR6 Falcon 1BW X 279(#656)	7	26,390	26,765	21,818	32,000	(4,572)	5,235
MEHBS XR6 Falcon	7	0	26,765	0	32,000	0	5,235
Meat Inspector BA Falcon 1 Tonne Ute N.00 (#657)	7	15,011	17,390	16,364	19,000	1,353	1,610
Housing							
House 1 Wattle Crescent Wundowie (#220)		64,946	0	155,714	0	90,768	0
Transport							
Hilux Mgr Works N.3157 (#658)	12	23,830	33,015	30,000	36,365	6,170	3,350
Hilux Mgr Works	12	0	33,015	0	36,365	0	3,350
CAT Backhoe N.004 (#574)	12	60,615	60,620	52,500	45,460	(8,115)	(15,160)
Woodchipper N.2240	12	0	0	16,364	9,090	16,364	9,090
Economic Services							
Ford 1 Tonne Ute N.3131 (#672)	13	16,530	20,440	17,500	19,000	970	(1,440)
Ford 1 Tonne Ute	13	0	20,440	0	19,000	0	(1,440)
		289,808	389,470	393,869	405,680	104,061	16,210

Summary

	\$
Profit on Asset Disposals	121,754
Loss on Asset Disposals	(17,693)
Net Profit/(Loss)	<u>104,061</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	loan	Principal 1-Jul-05 \$	New Loans \$	Principal Repayments		Principal 30-Jun-06		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing									
Police House Wundowie	30	3,478	0	789	790	2,689	2,685	210	210
Police House Wundowie	36	1,543	0	337	340	1,206	1,200	130	130
Other Community Amenities									
Crematorium		0	0	0	0	0	100,000	0	0
Economic Services									
Lot 51 Great Eastern Hwy	64	16,744	0	16,744	16,750	0	0	724	720
Saleyards	100	0	0	0	24,700	0	2,975,300	0	97,500
		21,765	0	17,870	42,580	3,895	3,079,185	1,064	98,560

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2005/06

Particulars/Purpose	loan	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
		Actual \$	Budget \$						Actual \$	Budget \$	
Saleyards-Land Development Northam Crematorium	100	0	3,000,000	Treasury Corp Unknown	Debenture Debenture	25 10-15	2,780,109 Unknown	5.91 Unknown	0	3,000,000	0
		0	100,000				Unknown	Unknown	0	100,000	0
			3,100,000							3,100,000	0

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-05 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-06 \$
Nil		0	0	0	0
		0	0	0	0

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2005 and 30 June 2006 was \$Nil.

(e) Interest Rate Risk

Council's exposure to interest rate risk as a result of borrowings and the weighted average interest rate on these borrowings is as follows:

Borrowings	2006 \$	2005 \$
Floating interest rates	0	0
Fixed interest rate maturing		
- within one year	0	0
- one to five years	3,895	21,765
- over five years	0	0
Non interest bearing	0	0
Total Borrowings	<u>3,895</u>	<u>21,765</u>
Weighted average effective interest rate	<u>7.17%</u>	<u>5.99%</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

22. RATING INFORMATION - 2005/06 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 \$
Differential General Rate											
00 Non Rateable	0.0000	283	234,429	0	0	0	0	0	0	0	0
01 GRV	12.0720	429	2,684,920	324,124	(806)	0	323,318	324,122	0	0	324,122
02 Agricultural Local	0.5013	330	75,875,704	380,365	1,232	0	381,597	380,365	0	0	380,365
03 Agricultural Regional	0.4797	180	48,898,450	234,389	737	0	235,126	234,566	0	0	234,566
04 Rural Small Holding	0.6100	208	17,436,000	106,360	238	0	106,598	106,360	0	0	106,360
07 Springhill (Landuse)	2.8200	1	107,000	3,017	0	0	3,017	3,017	0	0	3,017
08 Princes (Landuse)	5.5820	1	46,500	2,596	0	0	2,596	2,596	0	0	2,596
09 Solfame (Landuse)	1.1700	1	219,000	2,562	0	0	2,562	2,562	0	0	2,562
10 Bennie (Landuse)	0.8800	1	107,000	942	0	0	942	942	0	0	942
11 CSR (Landuse)	1.6500	1	140,000	2,310	0	0	2,310	2,310	0	0	2,310
Sub-Totals		1,435	145,749,003	1,056,664	1,402	0	1,058,066	1,056,840	0	0	1,056,840
Minimum Rates											
01 GRV	432.00	39	33,650	16,848	0	0	16,848	16,848	0	0	16,848
02 Agricultural Local	432.00	214	11,663,900	92,448	0	0	92,448	92,448	0	0	92,448
03 Agricultural Regional	432.00	185	8,823,500	79,920	0	0	79,920	79,488	0	0	79,488
04 Rural Small Holding	432.00	339	19,900,000	146,448	0	0	146,448	146,448	0	0	146,448
Sub-Totals		777	40,421,050	335,664	0	0	335,664	335,232	0	0	335,232
Ex Gratia Rates CBH		2,212	186,170,053				1,393,730				1,392,072
Rates Written off							(552)				9,670
Specified Area Rate (refer note 23)							0				0
Discounts (refer note 25)							1,393,178				1,401,742
Totals							(24,367)				(22,160)
							1,368,811				1,379,580

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

23. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR

There were no specified area rates raised in the 2005/2006 financial year

24. SERVICE CHARGES - 2005/06 FINANCIAL YEAR

The Shire of Northam did not apply any of the following service charges as provided for under section 6.38 of the Local Government Act 1995 during the 2005/06 financial year

- Television and radio rebroadcasting
- Volunteer bushfire brigades
- Underground electricity
- Property surveillance and security
- Water

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2005/06 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General and minimum Rates	Discount	3	24,367	22,160
	sub-total		24,367	22,160
Rate Assessment	Write-Off		552	0

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

26. INTEREST CHARGES AND INSTALMENTS - 2005/06 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00		16,888	16,000
Interest on Instalments Plan	5.50		3,303	3,000
sub-total			20,191	19,000
Charges on Instalment Plan		5	4,685	2,700
total			24,876	21,700

Ratepayers had the option of paying rates in four equal instalments, due on 2nd September 2005, 1st November 2005, 3rd January 2006 and 7th March 2006. Administration charges and interest applied for the final three instalments.

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

27. FEES & CHARGES	2006	2005
	\$	\$
Governance	4,901	2,855
General Purpose Funding	6,835	23,136
Law, Order, Public Safety	11,845	10,715
Health	142,172	140,671
Housing	22,310	23,306
Community Amenities	388,131	307,933
Recreation & Culture	14,853	18,354
Transport	0	6,000
Economic Services	52,744	56,064
Other Property & Services	28,389	46,915
	<u>672,180</u>	<u>635,949</u>

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

28. GRANT REVENUE**By Nature and Type:**

Grants and Subsidies - operating	1,826,645	1,397,863
Grants and Subsidies - non-operating	4,955	108,345
	<u>1,831,600</u>	<u>1,506,208</u>

By Program:

General Purpose Funding	634,120	584,361
Governance	1,182	10,782
Law, Order, Public Sector	21,200	386,251
Welfare	0	280
Community Amenities	0	1,015
Recreation and Culture	4,955	32,003
Transport	1,170,143	486,454
Economic Services	0	5,062
	<u>1,831,600</u>	<u>1,506,208</u>

29. COUNCILLORS' REMUNERATION

2006	2006	2005
\$	Budget	\$
	\$	

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

Meeting Fees	22,350	24,080	17,580
President's Allowance	4,800	4,800	4,800
Travelling Expenses	13,285	15,120	13,510
Telecommunications Allowance	3,415	9,720	2,784
Other	628	0	10
IT Allowance	1,680	4,500	0
	<u>46,158</u>	<u>58,220</u>	<u>38,684</u>

SHIRE OF NORTHAM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

30. EMPLOYEES' REMUNERATION

No employee of the Shire of Northam during 2005/06 received an annual salary of \$100,000 or more.

31. EMPLOYEE NUMBERS

2006

2005

The number of full-time equivalent
Employees at balance date

31

32

32. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

33. MAJOR LAND TRANSACTIONS

The Shire of Northam did not participate in any major land transactions during the 2005/06 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2005/06 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

35. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

(a) Reconciliation of Equity at 1 July 2004

There were no material differences between Equity in the opening AIFRSs Balance Sheet and the equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

(b) Reconciliation of Equity at 30 June 2005

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRSs and the equity in the 30 June 2005 Balance Sheet presented under previous GAAP.

(c) Reconciliation of Net Result for the Year Ended 30 June 2005

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRSs and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

(d) Explanation of Material Adjustments to the Cash Flow Statement

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF NORTHAM**

Scope

The financial report and Council's responsibility

The financial report comprises the income statement by nature or type, the income statement by program, the balance sheet, the statement of changes in equity, the cash flow statement, the rate setting statement and accompanying notes to the financial statements for the Shire of Northam for the year ended 30 June 2006.

Council is responsible for the preparation and true and fair presentation of the financial report in accordance with the Local Government Act 1995 (as amended). This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the electors of the Shire. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 (as amended), including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Shire's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedure, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

UHY Haines Norton - ABN 358 5397 1745

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**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF NORTHAM (continued)**

Audit Opinion

In our opinion, the financial report presents, fairly in accordance with the requirements of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Shire of Northam as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

Other Matters

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Date: 28 August 2006
Perth, WA

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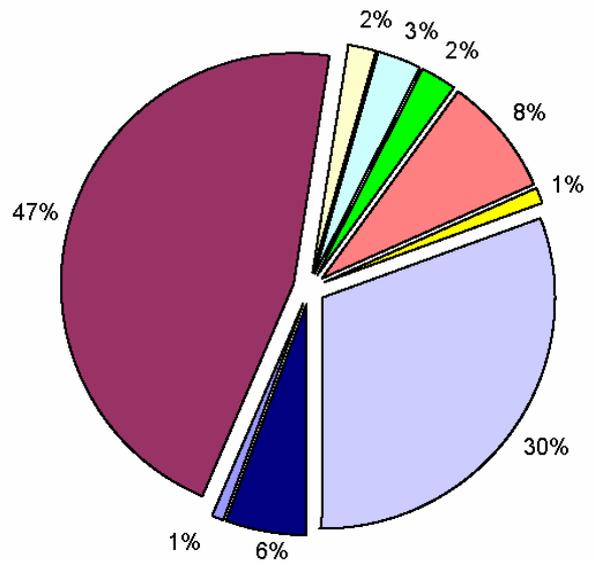


Shire of Northam Operating Income for the period ending 30 June 2006

Governance and Other - 1%
 General Purpose Income - 47%
 Law, Order & Public Safety and Education & Welfare - 2%
 Health - 3%
 Housing - 2%
 Community Amenities - 8%
 Recreation and Culture - 1%
 Transport - 30%
 Economic Services and Other Property & Services - 6%

2005/06 Budgeted Income	2005/06 Actual Income	2004/05 Actual Income
\$ 11,600	\$ 45,747	\$ 97,179
\$ 2,089,620	\$ 2,196,721	\$ 2,067,125
\$ 366,770	\$ 99,628	\$ 465,523
\$ 135,340	\$ 147,134	\$ 136,258
\$ 307,540	\$ 113,220	\$ 23,429
\$ 344,110	\$ 402,629	\$ 324,500
\$ 32,770	\$ 56,119	\$ 68,224
\$ 1,024,770	\$ 1,456,538	\$ 944,730
\$ 438,200	\$ 264,147	\$ 69,840
Sub Total \$ 4,750,720	\$ 4,781,883	\$ 4,196,808

2005/2006
Actual Operating Income





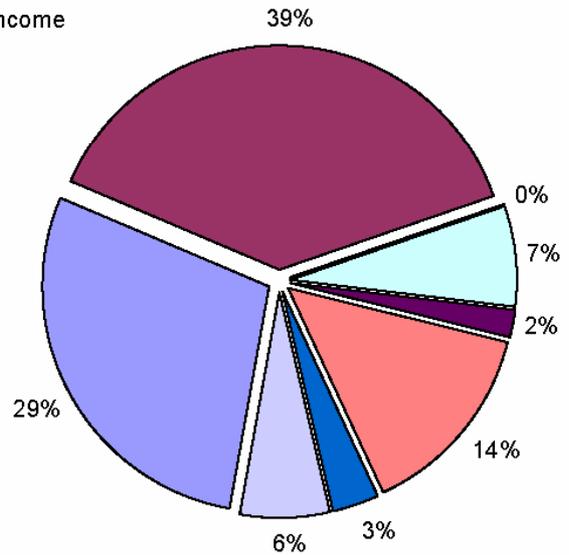
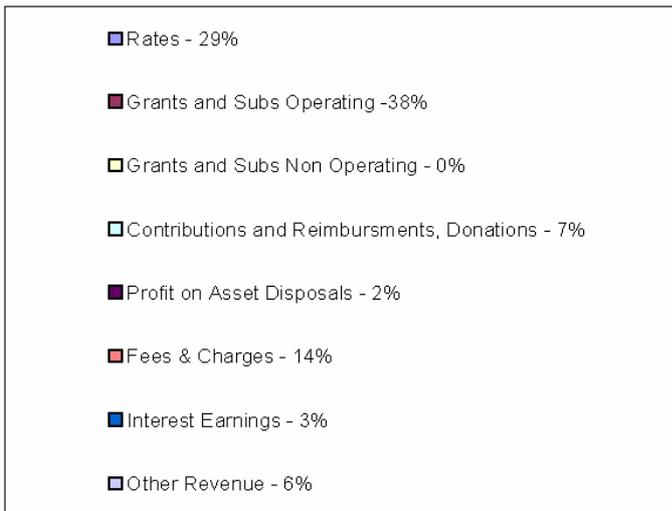
Shire of Northam

Detailed Actual Income for the period ending 30 June 2006

Rates - 29%
 Grants and Subs Operating -38%
 Grants and Subs Non Operating - 0%
 Contributions and Reimbursements, Donations - 7%
 Profit on Asset Disposals - 2%
 Fees & Charges - 14%
 Interest Earnings - 3%
 Other Revenue - 6%

	2005/06 Income	2004/05 Income	2003/04 Income
	\$ 1,368,811	\$ 1,337,773	\$ 1,258,186
	\$ 1,826,645	\$ 1,397,863	\$ 1,705,175
	\$ 4,955	\$ 108,345	\$ 257,810
	\$ 341,062	\$ 350,538	\$ 335,970
	\$ 104,061	\$ 54,082	\$ 50,998
	\$ 672,180	\$ 635,949	\$ 521,521
	\$ 163,244	\$ 142,162	\$ 134,691
	\$ 300,923	\$ 170,096	\$ 192,361
Total	\$ 4,781,881	\$ 4,196,808	\$ 4,456,712

2005/06
Detailed Actual Income



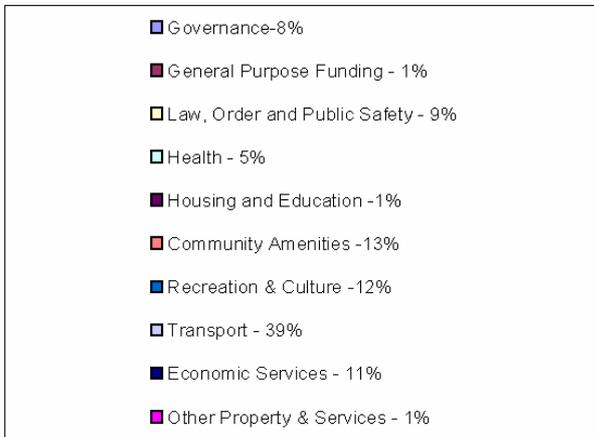
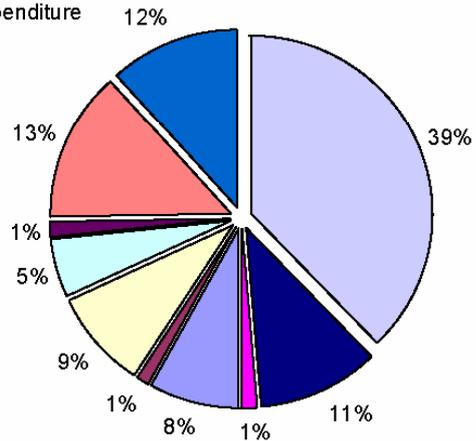


Shire of Northam Operating Expenditure for the period ending 30 June 2006

Governance-8%
 General Purpose Funding - 1%
 Law, Order and Public Safety - 9%
 Health - 5%
 Housing and Education -1%
 Community Amenities -13%
 Recreation & Culture -12%
 Transport - 39%
 Economic Services - 11%
 Other Property & Services - 1%

	2005/06 Budget Expenditure	2005/06 Actual Expenditure	2004/05 Actual Expenditure
	\$ 350,860	\$ 312,982	\$ 301,799
	\$ 47,160	\$ 44,513	\$ 42,302
	\$ 342,780	\$ 340,139	\$ 369,482
	\$ 204,890	\$ 212,003	\$ 187,597
	\$ 330,780	\$ 51,409	\$ 34,461
	\$ 499,920	\$ 524,705	\$ 410,615
	\$ 537,310	\$ 458,518	\$ 472,658
	\$ 1,461,770	\$ 1,466,401	\$ 1,276,064
	\$ 715,910	\$ 425,297	\$ 235,401
	\$ 28,470	\$ 52,094	\$ 117,397
Sub Total	\$ 4,519,850	\$ 3,888,061	\$ 3,447,776

2005/06
Actual Operating Expenditure





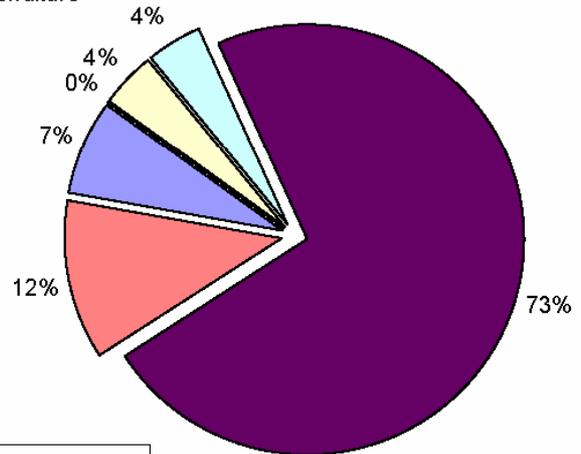
Shire of Northam

Capital Expenditure for the period ending 30 June 2006

Governance - 7%
 Law, Order & Public Safety - 0%
 Health, Education and Welfare - 4%
 Housing, Community Amenities and Rec & Culture - 4%
 Transport - 73%
 Economic Services - 12%

	2005/06 Budget Expenditure	2005/06 Actual Expenditure	2004/05 Actual Expenditure
	\$ 160,720	\$ 91,839	\$ 169,410
	\$ 312,000	\$ 186	\$ 309,846
	\$ 102,500	\$ 51,495	\$ 79,523
	\$ 184,280	\$ 51,868	\$ 170,229
	\$ 1,029,140	\$ 910,025	\$ 1,143,494
	\$ 3,198,000	\$ 148,835	\$ 26,870
Sub Total	\$ 4,986,640	\$ 1,254,248	\$ 1,899,372

2005/06
Actual Capital Expenditure



■ Governance - 7%
■ Law, Order & Public Safety - 0%
■ Health, Education and Welfare - 4%
■ Housing, Community Amenities and Rec & Culture - 4%
■ Transport - 73%
■ Economic Services - 12%



APPENDICES

SHIRE OF NORTHAM

Agenda of a Annual Electors' Meeting

To be held in the Council Chambers on Tuesday, 7 November, 2006 at 7.30 pm

- 1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS**
- 2. ATTENDANCE & APOLOGIES**
- 3. CONFIRMATION OF MINUTES - 8 NOVEMBER 2005**
- 4. RECEIVAL AND ADOPTION OF THE 2005:2006 ANNUAL FINANCIAL STATEMENTS**
- 5. RECEIVAL AND ADOPTION OF THE AUDITOR'S REPORT**
- 6. RECEIVAL AND ADOPTION OF THE PRESIDENT'S REPORT**
- 7. RECEIVAL AND ADOPTION OF OFFICERS' REPORTS**
 - (i) CHIEF EXECUTIVE OFFICER**
 - (ii) MANAGER FINANCE & ADMINISTRATION**
 - (iii) MANAGER OF ENVIRONMENTAL HEALTH & BUILDING SERVICES**
- 8. GENERAL BUSINESS OR OTHER BUSINESS AT THE DISCRETION OF THE PRESIDENT OR AS APPROVED BY THE ELECTORS PRESENT**

DECLARATION OF CLOSURE

SHIRE OF NORTHAM

Minutes of a Annual Electors' Meeting held in the Council Chambers on Thursday, 7 November 2006 at 7.30 pm

DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

ATTENDANCE

Councillors

(West Ward)

A W Llewellyn (President)

I Fullerton

(Central Ward)

L J Pettitt (Deputy President)

T M Letch (from 7.31pm)

(East Ward)

R L Hitchcock

A D Morgan

R D Marris

Chief Executive Officer

A J Middleton

Mgr of Finance & Admin Services

S D Billingham

Mgr of Environmental Health & Building

P B Steven

Works Coordinator

R Van Welie

VISITORS (4) Mr J Morgan, Mr M Tighe, Mr D French, Mrs I Schaar

APOLOGIES

Apologies were received from Councillors T Little and N R A Poulton.

CONFIRMATION OF MINUTES

Moved Cr I Fullerton, seconded Cr R L Hitchcock that the minutes of the Annual Electors Meeting held on 8th November 2005 be received.

Motion put and CARRIED

RECEIVAL AND ADOPTION OF THE 2005:2006 ANNUAL FINANCIAL STATEMENTS

Moved Cr T M Letch, seconded Cr L J Pettitt that the Annual Financial Statements for the year ended 30th June 2006, as presented, be received.

Motion put and CARRIED

RECEIVAL AND ADOPTION OF THE AUDITOR'S REPORT

Moved Cr R D Marris, seconded Cr L J Pettitt that the Auditor's Report, be adopted.

Motion put and CARRIED

RECEIVAL AND ADOPTION OF THE PRESIDENT'S REPORT

Moved Cr R D Marris seconded Cr L J Pettitt that the President's Report, as presented, be received.

Motion put and CARRIED

RECEIVAL AND ADOPTION OF OFFICERS' REPORTS

Moved Cr R D Marris, seconded Cr T M Letch that the Reports by the Chief Executive Officer, Manager of Environmental Health and Building Services and the Manager of Finance and Administration as presented in the Annual Report be received.

Motion put and CARRIED

GENERAL BUSINESS OR OTHER BUSINESS AT THE DISCRETION OF THE PRESIDENT OR AS APPROVED BY THE ELECTORS PRESENT

1. Shire and Town of Northam Amalgamation

Mr Tighe raised the question of 'What are the advantages of Amalgamation?'

Councillor Llewellyn responded by commenting on what could occur if amalgamation was forced, also advising that the Local Government Advisory Board (LGAB) would be conducting its Inquiry in the near future involving public consultation meeting at various locations.

Councillor Pettitt advised there was a schedule of times and dates that public consultation meetings would be held by the LGAB in both the Shire and Town of Northam.

The Chief Executive Officer advised that the LGAB meeting dates and times would be advertised in the Local Paper and Shire Newsletter up to December 2006.

Councillor Hitchcock raised concern over complaints he had received that the Special meeting of Council on the 19th October 2006 regarding Amalgamation had not been well advertised.

The CEO advised that the Special Council meeting had been advertised in the local paper.

The CEO also advised that further advertising would be occurring regarding the Amalgamation.

Councillor Letch asked if a list of disadvantages of amalgamation would also be advertised.

Councillor Llewellyn advised that extensive advertising would be undertaken promoting amalgamation.

Cr Morgan expressed concern that only one side of the amalgamation argument had been put up and he also requested what is the procedure for calling a referendum.

Councillor Llewellyn responded that one must wait for the report from the LGAB first as they write the question that is to be asked in any referendum.

The CEO added that person wishing to call a referendum can do nothing until the LGAB had completed their Inquiry and the Board had written their report to the Minister for Local Government, which can take up to (6) six weeks to complete. The Minister will then write to the affected Local Governments with his decision to amalgamate or not. Then a referendum can be called.

Mr French asked if 250 signatures were still required to call a referendum.

Councillor Llewellyn responded yes, only after the report by the LGAB had been completed.

Councillor Morgan expressed that it was strange that the LGAB write the question to be asked in a Poll.

The CEO advised that he could not be the returning officer in such a Poll.

Councillor Hitchcock asked if this is the same process currently being undertaken at Shire of Greenough and City of Geraldton.

Councillor Llewellyn responded yes.

2. Hazardous Waste Treatment Precinct

Councillor Letch raised a matter regarding a newspaper article from the Sunday Times stating that the "Waste Plan dumped".

Councillor Morgan advised that a similar article had been placed in the West Australian the previous Saturday.

Councillor Llewellyn briefly commented on the matter explaining that it appears the Minister believes that there is no need for a waste treatment site.

3. Future Water Issues

Councillor Hitchcock raised the matter of the future Town Planning Development and Strategic planning need to include how the Shire is going to address the issue of water.

Councillor Llewellyn agreed that water was a growing problem and concern for the Shire and would need to be addressed by future Town Planning and Strategic planning.

4. Severe Fire Hazard – Bureau of Meteorology

Councillor Letch raised concern over the Bureau of Meteorology declaring certain days a 'Severe Fire Hazard' effectively restricting when you can undertake protective burning.

5. Permit Vehicle on Shire Roads

Mr French raised the matter of Heavy Trucks on Shire Roads-He presented the Shire President with a Letter. Mr French expressing concern on B doubles and other permit vehicles such as 4 Decker trucks.

Councillor Morgan stated that truck drivers face legal problems if they are not approved by Main Roads and have an accident. Irishtown Road now a gazetted road.

Cr Marris advised that the same letter had been given to the CEO.

Mr Van Welie advised that he had spoken to Mr Wooding and he would need to go to Main Roads first to be approved.

Mr Tighe asked if Mokine Road would be approved for road train permit vehicles once the current road works were completed.

Mr Van Welie responded, probably no.

The CEO advised that the Shire had a history of complaints regarding heavy vehicles and other road users and was often in a no win situation.

Councillor Morgan commented that permit vehicles must comply with speed restrictions of 70km/h.

Mr Van Welie added that time of day restrictions also apply to permit vehicles such as 7.30am-8.30am and 3.30pm-4.30pm.

6. Western Power lines and Trees

Mr French raised concern on lack of action by Western Power over trees growing into power lines which could lead to sparking and fires.

DECLARATION OF CLOSURE

There being no further business the Presiding Officer declared the meeting closed at 7.58 pm.



Shire of Northam - Organisational Chart

