



Shire of Northam



# Shire of Northam

## 2011/12 Annual Report



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# Shire President's Message

It is with pleasure that I provide, on behalf of Council a summary of the key activities of the Shire of Northam for 2011/12.

I am pleased to again report that the Shire is in a sound financial position, for which full reports are included within this document for the information of readers. Our overall aim is to provide value for money services, rather than to create organisational wealth; however each is reliant on the other to a large degree.

## **Detention Centre Community Reference Group**

The Federal Government has completed construction and commissioning of a new Immigration Detention Centre, located just out of the Northam town site, to house a maximum of 600 irregular maritime arrival detainees at any one time. This has led to employment and economic opportunities for a number of Shire residents and businesses. A community reference group has been working to ensure that the benefits of this facility are maximised whilst the risks are minimised. I like to think our group has achieved that goal.

## **Killara Extension**

The Shire has been the recipient of Royalties for Regions funding from the State Government, and together with a number of our surrounding Shires agreement was reached to allocate the Regional component of the "Country Local Government Fund" to the Killara Day Care and Respite Centre. The funding will be used to build a 16 bed facility to complement the existing day care facility in Northam that services the region. Construction is expected to be complete by 30 June, 2013.

## **Local Planning Scheme #6 and Local Planning Strategy**

These two key guidance land use planning documents were adopted in principle in 2012 and we are now awaiting endorsement by the WA Planning Commission and State Government. I am pleased that we do not have to revisit these documents more regularly than a 5 year

cycle as they have been both a time and resource consuming exercise over the past 2 years.

## **Northam Development Plan**

This plan, together with the next iteration of the Local Planning Scheme and Strategy, will guide development over the coming years in the Shire. Key principles from that plan are being actioned, including precincts creation.

## **Regional Centres Development Plan (SuperTown)**

The Shire has regulatory responsibility for the town site of Northam and in May 2011 the town was named as a "Super Town" meaning it is a key town servicing its region. The Shire and Wheatbelt Development Commission has prepared a "Growth and Implementation Plan" demonstrating how above average economic growth and population expansion should occur into the future. As a consequence of this, two business cases around the

Health and Emergency Services Precinct and the Avon River and Environmental aspects were funded by the State Government for \$8.4m.

## Strategic Planning

I am pleased that the focus of Council has been on looking forward and I believe our regular sessions on strategic issues has been of value to ratepayers in that we are focussed on where the Shire is collectively heading. The State Government's mandatory "Integrated Planning and Reporting Framework", which is required to be in place in all local government authorities by 1 July, 2013, has been informed by our community consultation meetings and reflects the strategic intent Council has set.

I believe that the Council is in a solid position to continue to deliver services for the community and I again thank my fellow Councillors, CEO and our staff for their ongoing contributions towards our successes.

Cr Steven Pollard  
Shire President

## Elected Members



Cr Steven Pollard  
Shire President  
Town Ward



Cr Dennis Beresford  
Town Ward



Cr Ray Head  
Town Ward



Cr Rob Tinetti  
Town Ward



Cr Des Hughes  
Town Ward



Cr Kathy Saunders  
East Ward



Cr Terry Little  
Deputy President  
West Ward



Cr Bert Llewellyn  
West Ward



Cr Julie Williams  
Central Ward



Cr Ulo Rumjanstev  
Central Ward



# Chief Executive Officer's Report

The 2011/12 financial year proved to be one of significance for the residents of the Shire of Northam; not only did we see the continued development of the Yongah Hill Detention Centre and the arrival of Hutchinson Builders, but most importantly Northam was declared a "SuperTown".

We all know that the Northam Shire and the wider Avon Valley is a great place to live and work, but now the State Government and the wider population of this State knows our secret.

Following on from the successful "Develop Northam" community consultation and planning of 2010/11, the SuperTown process and its economic and community analysis has given Northam and the Shire a sound base to develop new opportunities to attract and improve business development, social outcomes and improved lifestyle benefits.

During the year, important community projects such as the Sound Shell and Northam Recreation Centre, with its

three indoor courts, activity rooms and hospitality area, were completed. Work was all but completed on the establishment of four outdoor courts and the extension of the Henry Street Oval. Funding was secured to enable the 16 bed Killara Respite facility to proceed and a construction contract has been awarded.

In addition to these major projects the Shire completed the following projects:

- Northam Library (new lift and carpets)
- Old Post Office (new roof)
- Old Town Building (new roof)
- Wundowie Hall (kitchen upgrade)

A number of smaller projects were also undertaken, as well as various road improvements such as Irishtown Road, Peel Terrace and Wellington Street.

On 4 July 2011 the State government announced its "SuperTown" initiative, which identified Northam as one of nine towns of regional significance. The Shire and community members invested significant time and resources

over a very short timeframe to meet the requirement of developing a Growth Plan and to identify "transformational projects" that would assist Northam and the surrounding Avon region to meet its development potential.

This "SuperTowns" process resulted in Northam being awarded a total of \$8,469,985 to fund its Avon Health and Community Services Precinct project (\$4,814,550) and the Avon River Revitalisation and Riverfront Development project (\$3,655,435). These projects will be rolled out over the coming eighteen months and further opportunities will be explored with applications submitted for funding of projects, such as the previously unsuccessful Central Business District Redevelopment.

Following on from the strategic planning initiatives of the past three years, the Shire has all but finalised its Local Planning Scheme No 6 and its Local Planning Strategy, with both documents having been lodged in 2011/12 with the Department of Planning. In addition the Shire has

initiated the process to complete the new community based "Integrated Planning and Reporting", following amendments to the Local Government Act 1995.

During 2011/12, in conjunction with the SuperTowns community consultation process, the Shire commenced preparing a draft Strategic Community Plan, which together with the required Asset Management Plan, Finance Management Plan and Workforce Development Plan, will form a new Corporate Business Plan upon which future Annual Budget's will be based.

Staff turnover continues to be an issue of some concern and it is anticipated that the

Workforce Development Plan, prepared in consultation with all staff and Council, will assist the Shire to improve its staff attraction and retention.

During the year I lost my right hand woman, Executive Assistant Leonie Wheeler due to ill health. I am pleased to report that Leonie is doing well. Furthermore, Executive Manager Engineering Services, Ian Bartlett retired and was replaced by Mr Simon Lee, a qualified Civil Engineer. Mr Kevin Kane, also a civil engineer, joined us to take on the important role of Technical Services. Ms Jean McGready joined the Shire in the newly created position of Executive Manager Community Services, a position that recognises the increasing importance

of community relations and services.

I wish to express my thanks and appreciation to Richard Marris, immediate past Chief Bush Fire Control Officer for his significant contribution to that voluntary service.

Thank you all staff for their continued contribution to the development of the Shire and the services it provides and a special thank you to all the volunteers, bush fire brigade members, community groups and individuals too many to list that have assisted over these past twelve months.

Neville Hale  
**Chief Executive Officer**

## Executive Managers



Denise Gobbart  
Corporate Services



Simon Lee  
Engineering Services



Jean McGready  
Community Services



Chadd Hunt  
Community Infrastructure



Phil Steven  
Development Services

# Plan for the Future

## Mission and Values

The Shire of Northam's Plan for the Future 2010–2020 was adopted at the Special Meeting of Council held on 2 June 2010 and provides the highest level of direction for the Shire.

It is an overarching framework that provides an overview of the significant programs and activities proposed by the Shire over the next ten years.

The Plan expresses the Shire's **Mission** in the following terms:

*"To deliver responsive, sustainable services in a manner that preserves and enhances our environment and lifestyle."*

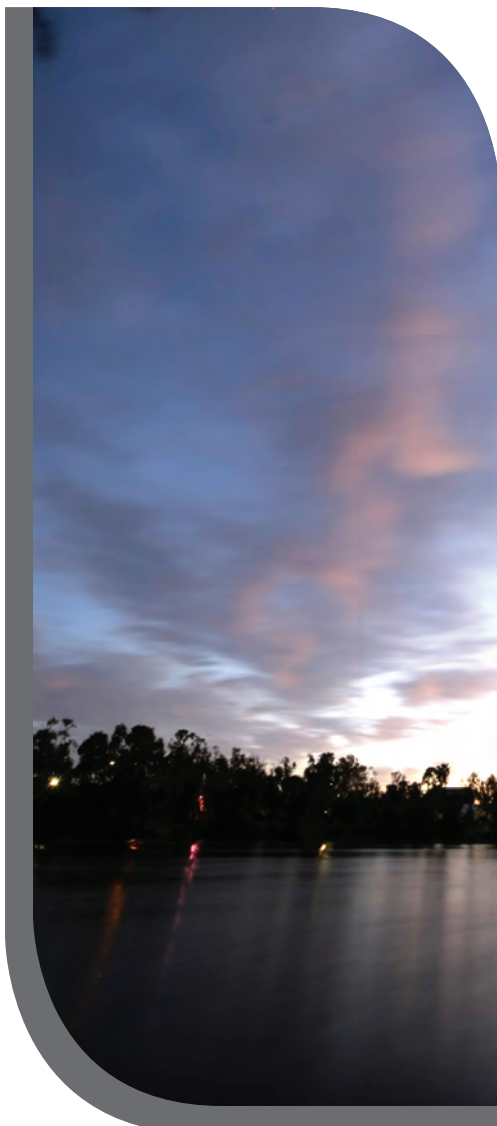
### Values

- |                   |                                                                 |
|-------------------|-----------------------------------------------------------------|
| <i>Leadership</i> | we recognise the community's expectations to provide leadership |
| <i>Respect</i>    | we respect differences in age, culture, values and opinion      |
| <i>Teamwork</i>   | we achieve through the efforts of the team                      |
| <i>Excellence</i> | we aspire to one standard                                       |
| <i>Openness</i>   | we engender trust through our openness                          |

## Plan for the Future

The Plan is structured into six key result areas that will guide the Shire's principal activities. The six key result areas are:

- Planning ahead for social, cultural and community development
- Building our community
- Communicating and marketing
- Developing our Shire
- Developing our organisation
- Providing physical infrastructure and caring for the natural environment





# 2011/12 Major Projects

## Recreation Facilities Redevelopment Stage One

The Shire of Northam completed construction of the new Northam Recreation Centre, which consists of three indoor multipurpose sprung timber courts with viewing area, new administration area, mezzanine club offices, three multipurpose activity rooms, crèche, hospitality room and viewing area overlooking the oval. The redevelopment also includes the construction of four multipurpose outdoor courts (including lighting) and the extension and lighting of Henry Street Oval to become the feature oval of the precinct. The facility will provide residents and visitors with the latest updated sporting and community facilities within the townsite of Northam.

## Bernard Park Sound Shell

With funding from the Shire, Royalties for Regions, Regional and Local Community Infrastructure Program and Department of Culture and Arts, the Shire completed construction of a multi-function Sound Shell in Bernard Park. This facility will provide for concerts, drama, movies and other events. The stage makes allowance for large bands and productions, and the design is complimentary to the environment, providing a view through to the river.

## Library and Old Post Office Conservation Plans

With the assistance of Lotterywest funding,

Conservation Plans have been completed for both the Northam Library and the Old Post Office buildings. The first stage of implementation of the plans was to replace the ageing roofing on both of the buildings. Future maintenance and remediation work will reflect heritage requirements as defined in the Conservation Plans for each building.

## Northam Airport Power Upgrade

The Shire has installed an internal extension of the underground 3-phase power at the Northam Airport, which provides an additional power dome for the benefit of private and commercial hangar owners.



# 2012/13 Proposed Projects

## Killara Respite Centre

The Expansion of Killara will involve the development of a purpose designed and built respite centre, which will in turn enable the current 'dual use' day care centre to revert to its intended use. The new facility will provide a dedicated safe and secure 7 day, 16 bed centre for respite care.

## Northam Airport Upgrade

With funding from the Department of Transport's Regional Airport Development Scheme, the Shire will be providing aircraft parking, works to the apron, and resealing portions of the taxiway. This will continue the improvement of the facility, potentially attracting more patrons to the Northam Airport.

## Cultural Precinct Stage One

Lotterywest and the Shire of Northam will be funding a major renovation of the old Northam Railway Station, including a cover over the train and upgrading the toilets. This will enhance the appearance and functionality of the historic building as a tourist attraction and working space for community groups.

## Works Depot Relocation

The amalgamation of the

former Town and Shire of Northam has provided an opportunity for the Shire to rationalise the land holding set aside for its depot facility. The current combined area of land, approx 30,000sqm, is more than twice what is needed to accommodate a modern and well equipped Depot.

The Shire has identified site options for its new depot facility and these will be investigated more fully over the next twelve months to ensure adequate design and location. Consideration will be given to the inclusion of a fully equipped workshop,

secured covered parking for heavy equipment, modern staff amenities and bulk fuel storage.

The project had been delayed from 2011/12 as an investigation was undertaken for contamination on the site prior to the sale of the land.

## Town Pool Floating Islands

The Shire is planning to construct a number floating islands on the Avon River (Town Pool), which integrates plants that aerate and remove nutrients from the river. The funding comes from the Department Regional Development – SuperTowns project.



# Community Services

## Sponsorship & Grants

A large number of sporting and community groups benefited from the Shire's Community Grants Program in 2011/12 with \$51,825 distributed to 18 local community organisations including:

- Avon Valley Greyhound Racing Association
- Avon Valley Arts Society
- Bakers Hill Adult Riding Club
- Bakers Hill Progress Association
- C.Y. O'Connor Institute
- Hurricane Go Kart Club of WA
- Northam Agricultural Society
- Northam & Districts Historical Society
- Northam Army Camp Heritage Association
- Northam Church of Christ
- Northam Country Club - Golf Division
- Northam Country Club - Tennis Division
- Northam Heritage Forum
- Northam Playgroup
- Northam Sub-Branch RSL
- Northam Theatre Group
- Perth Hills & Wheatbelt Band
- Southern Brook Community Association
- Vintage Sports Car Club of WA

Local residents representing the State at Interstate / Overseas Competitions who have received support from the Shire of Northam include Aleisha Power (State Hockey - Under 15's), Renae Robertson (National School Girls Basketball), Emma O'Driscoll (State School Girls Netball - Under 12's).

The six local Progress and Community Associations within the Shire received funding of \$26,727 to be spent within their locality on activities and projects of their choice, and local schools received \$2,100 in support of annual prizes and scholarships.

Additional funding was allocated to the following groups:

- Avon Valley Arts Inc - \$55,500
- Chamber of Commerce - \$60,000
- Northam Agricultural Society - \$4,820, plus in-kind support
- Avon Tourism Inc - \$15,500
- Wundowie Iron Festival - \$13,000

Financial and administrative support was also given to the Shire of Northam 2011 Tidy Towns Sustainable Communities Submission "175 Things Around Northam". Over fifty local community groups participated in the project. Judging took place in August, with Northam winning the 2011 Community Action Award Central Wheatbelt and the 2011 Enhancing Cultural Identity Award Central Wheatbelt.



## Events

The Shire of Northam staged and promoted a wide range of events throughout 2011/12 that attracted thousands of spectators and visitors of all age groups to the region and added vibrancy and excitement to the Shire.

Some of the major events included:

- Australia Day Celebrations
- Concerts in the Park
- Flying 50s Family Fun Zone
- Avon River Festival & Avon Descent
- Pink Ribbon Community Walk
- Dogs Day Out
- Avon Valley Arts Folk, Roots & Dance Festival
- Avon Valley Christmas Carnival
- Northam & Wundowie Swimming Pool Christmas Parties
- Wundowie Swimming Pool 50th Birthday Party
- Northam Triathlon
- Family Fun Days – Wundowie & Bakers Hill



## Killara Adult Day Care and Respite Centre

The Killara Adult Day Care and Respite Centre (Killara) provides services for the frail aged and people with disabilities and their carers, offering a variety of programmes aimed at supporting clients to maintain their independence.

Programs based at Killara are run daily and provide:

- Social activities promoting wellness
- Daily respite
- Overnight respite (selected nights during the fortnight)
- A weekly morning men's group
- A weekly meeting for young adults with a disability
- A weekly day centre program at Wundowie

As well as programs based at the centre, Killara also hosts a men's group, mixed group outings, lunch outings for



small groups, and a quarterly Carer's Group Meeting.

Young adults with a disability have participated in the 'Art for Learning' program, run in conjunction with CY O'Connor Institute. This has been very successful and will continue in the following financial year.

The Killara Day Centre at Wundowie has relocated into the new extension of the Wundowie Hall.

A partnership with the Umbrella Multicultural Community Care Services Inc. has been established that commenced July 2011. The Multicultural group meets monthly on a Wednesday, and is for clients who come from an ethnic background. The Umbrella Multicultural Community Care Services are providing staff and ethnic food and activities for the clients to enjoy.



## Libraries

The Shire of Northam operates a library at both Northam and Wundowie. Despite national and international trends of declining borrowing of physical materials from libraries, the Shire of Northam libraries have maintained their levels of transactions and experienced a steady increase in the numbers of people using the facilities.

The White Swan Room in the Northam Library is utilised for book clubs, daytime and evening writing groups, University examinations, meetings and studies.

The Libraries continue to offer regular children's Storytime activities, as well as art and craft activities during the school holidays.

Youth Eye View, a special project funded by the Office of Crime Prevention, engaged young people to develop a photographic record of the historical buildings in Northam and the surrounding area. From these images a walk/drive tour brochure was created and the images are also displayed electronically in the Library and Visitor Centre.

Other activities held in the libraries include displays, seniors' health and social activities, school visits and library tours, scrapbooking classes, Trivial Pursuit activities and historical research for local residents.

The Friends of the Library have been a great support during the year, assisting with the various functions and wrapping and distributing the gift packs for the National Year of Reading.

	Northam	Wundowie
Items Issued	57,586	7,483
Active Members	3,991	982
Inter-Library Loans	3,284	634
Enquiries	26,066	7,546
Reservations	3,141	617
Computer Usage	2,304	n/a



## Visitor Centre

The Shire of Northam Visitor Centre forms an integral part of the Avon Valley's tourism industry, providing quality visitor servicing and extensive marketing and promotion of the region.

The Shire of Northam is a member of Avon Valley Tourism and has representation on the Board, providing greater scope to develop the industry in close liaison with other tourism service providers and operators.

The Shire of Northam's tourism attractions were again included in the Avon Valley Holiday Planner, with 35,000 copies printed. This brochure is widely distributed and includes information on the natural attractions, built heritage and cultural diversity that makes the Shire of Northam a unique place to visit.

The Visitor Centre has developed a new tear-off map of Northam and the district, enabling tourism officers to readily make notes on the map to assist visitors as required. The Visitor Centre also has on hand the Shire of Northam Eating Out Guide and a range of brochures about nature reserves, walking trails, art galleries and adrenalin activities in the Valley.

Further advertising and promotional activities have continued with Experience Perth, Avon Valley Tourism, RACWA and a range of magazines, regular Friday interviews on local radio and direct e-marketing.

	2011/12	2010/11	2009/10
Visitors to Centre	17,218	14,047	13,402
Stock Sales	\$33,389	\$25,941	\$22,038
Accommodation Bookings	\$119,016	\$79,083	\$80,786
Book Easy Commission	\$19,092	\$11,275	\$11,304



## Recreation Services

### Northam Recreation Centre

The opening of the new multi-million dollar 'state of the art' Recreation Centre in November 2011 has made a significant difference to Shire of Northam community.

The new facility has boosted numbers for Basketball (36 junior & 20 senior teams), Indoor Hockey (20 teams), Netball (60 teams) and has also attract 3 senior State League Netball teams and a further 12 Regional Netball teams. The courts are also well utilised for social Badminton and Fast-net (mixed netball) training for a wide range of sports

In addition to the regular sporting activities, the Centre has attracted a variety of events, for example:

- Directions 2011 Wheatbelt Training Awards
- Youth Forum 2012
- Urban Youth Crew (Hip Hop Dance)
- Memorial Services
- Christmas Parties

### Child Care Service

The Northam after School Hours and Vacation program continued throughout the year. This service caters for 5 to 12 year olds offering after school care and a school holiday program.

During the school holidays the children had the opportunity to go on a number of excursions including:

- Midland Ice
- Cinemas
- Whiteman Park
- Perth Zoo

The majority of these are fully booked and are a very popular feature of vacation care programs.

### Facility Bookings

Recreation Services are responsible for hiring out a number of other facilities within the Shire of Northam, including the Northam Town Hall, Lesser Hall, Bert Hawke Oval, Jubilee Oval, Henry Street Oval, outdoor basketball courts on Arnold Street, as well as facilities at Mount Ommaney and Bernard Park.

### Events

During the 2011-12 year the Recreation Services have assisted with the following events;

- Pink Ribbon Community Walk
- Northam Christmas Community Carnival
- Northam & Wundowie Swimming Pool Christmas Parties
- Wundowie Swimming Pool 50th Birthday Party
- Northam Triathlon
- Bakers Hill Fun Day
- Wundowie Iron Festival Fun Day
- Northam Agricultural Show
- Veteran Car Club Swap Meet
- Cancer Council Avon Valley Relay for Life

- Australia Day Celebrations
- Concerts in the Park
- Flying 50 Family Fun Zone
- Avon River Festival & Avon Descent
- Dogs Day Out

### Swimming Pools

Both the Northam and the Wundowie swimming pools underwent cosmetic maintenance during 2011/12 with pool shells being painted darker blue to increase the temperature of the water.

The swimming pools are also utilised for Vac Swim, swimming clubs, water aerobics and swimming carnivals.



## Ranger Services

### Introduction of the Cat Act

It has been a very exciting and challenging year for the Rangers team as they have been preparing for the introduction of the Cat Act 2011. While the Act itself is being implemented in two phases and no real changes will start until next year, there is a great deal of interest from the community regarding how it will affect them. The objective of the Act is to reduce the number of unsterilized, stray and feral cats within the community thereby reducing the number of unwanted cats and reduce the number of cats being euthanized.

Rangers have started the education process by letting the community know about the implications the Act will have on them as residents via regular articles in the media as well as door knock to known cat owners. Cats have been a huge area of complaint and without any legislative framework to work with this has been a very difficult area for police and to resolve. This Cat Act will greatly assist. The Shire has employed a third Ranger to alleviate the pressure that the new legislation will place on Council.

### Dog's Day Out

The 2011 Dogs Day Out was even more successful than the inaugural event in 2010. The event was attended by the Blind Dog Association, Medical Assistance Dogs and the RSPCA, as well as one of

Western Australia's leading dog behaviourist/dog trainers. This has certainly raised the profile of companion animals, which will ensure that the animals in this community are treated with respect. There has been a notable increase in the number of dogs being registered which is a real indication of this happening.

### Inspections

The Ranger Services team has continued to inspect kennels in the Shire of Northam as part of an ongoing compliance project. This has resulted in these private businesses working within our code of conduct and operational guidelines, which has been a great improvement.

Fire break inspections and hazard reduction management have continued to ensure that the community is fully aware of its obligations in regard to fire mitigation. A letter drop was completed and whilst infringements were still served, the numbers have reduced and there has been clear evidence that the community is beginning to pay attention to the Shire of Northam's firebreak notice.





## Emergency Services

2011/12 was a busy year for the Shire of Northam's Emergency Services with numerous fires.

The bush fire brigades have strived for continued improvement in areas such as facilities, training and equipment.

Funding has been secured for a fire shed to be constructed in Southern Brook and the expansion of the Grass Valley Bush Fire Brigade Shed.

The Shire of Northam Emergency Services have continued providing a high level of community protection from bushfire with the successful completion of hazard reduction burns covering 31ha of Shire managed Reserves and Unallocated Crown Land, with a further 292ha identified for hazard reduction burns for 2012/13.

The Shire has also made improvement in its approach to development approvals through the adoption of best practices in relation to subdivisions in bushfire prone areas. There have also been improvements in access/egress for high risk areas and emergency water supplies.

The Emergency Services Coordinator has completed Certificate IV in Training and Assessment, enabling the delivery of FESA endorsed training to Bush Fire Brigade volunteers.



# Corporate Services

Corporate Services is responsible for producing the Shire's Plan for the Future, Budget and Annual Financial Statements and is required to meet statutory compliance regulations to ensure full accountability and disclosure of information.

This service area is also responsible for the raising and collection of rates, human resource management, information technology and record keeping, as well as customer service.

The principles used to prepare the 2011/12 budget were balanced and reflected community needs. A significant portion of the capital works program objectives were met and a full and efficient range of services were provided to the community within the specified budget.

With sustained effort the Shire of Northam's reputation in

Financial Management terms within the community and the Local Government industry has improved significantly over the past year. Corporate services staff continue to develop skills and knowledge to ensure highest industry standards are maintained.

## Reserve Accounts

The Shire is well positioned in regard to Cash-Backed Reserve Accounts with a holding of \$4,842,694 as at 30 June 2012; an increase of \$250,197 or 5.4% on 30 June 2011.

## Outstanding Rates

Rate debtors have increased from \$521,831 at 30 June 2011 to \$562,831 at 30 June 2012, although the outstanding rates ratio remained at 7%. Monitoring and collection of outstanding receivables has a direct impact on the cash available to Council, and despite considerable effort to reduce the ratio during

2011/12, this has been to no avail.

## Loans and Borrowing

The Shire of Northam is in debt to the Western Australian Treasury Corporation to the extent of \$4,995,834 as at 30 June 2012. These various loans mature over the next 10 years. Of this indebtedness the community has self-supporting loans of \$534,044.

The distribution of Council Purpose Loans is as follows:

Purpose of Loan	Amount
Administration Office	\$139,496
CBD Streetscape	\$1,015,424
Visitors/Tourism	\$13,975
River Dredging	\$22,725
Airstrip Upgrade	\$68,740
Recreation Facilities	\$2,324,247
Purchase Victoria Oval	\$877,183
<b>TOTAL</b>	<b>\$4,461,790</b>



# Development Services

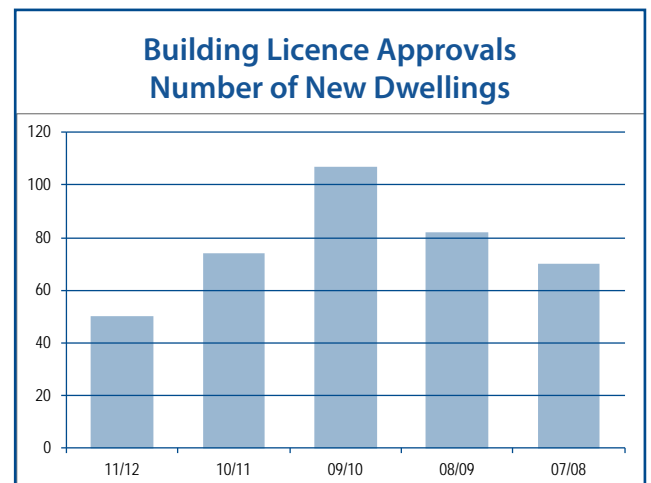
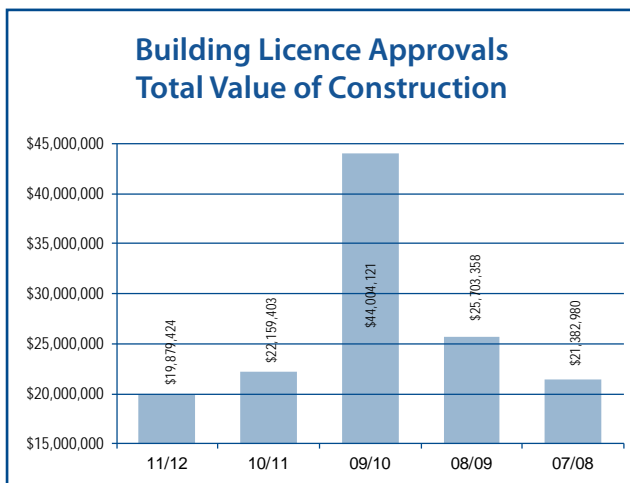
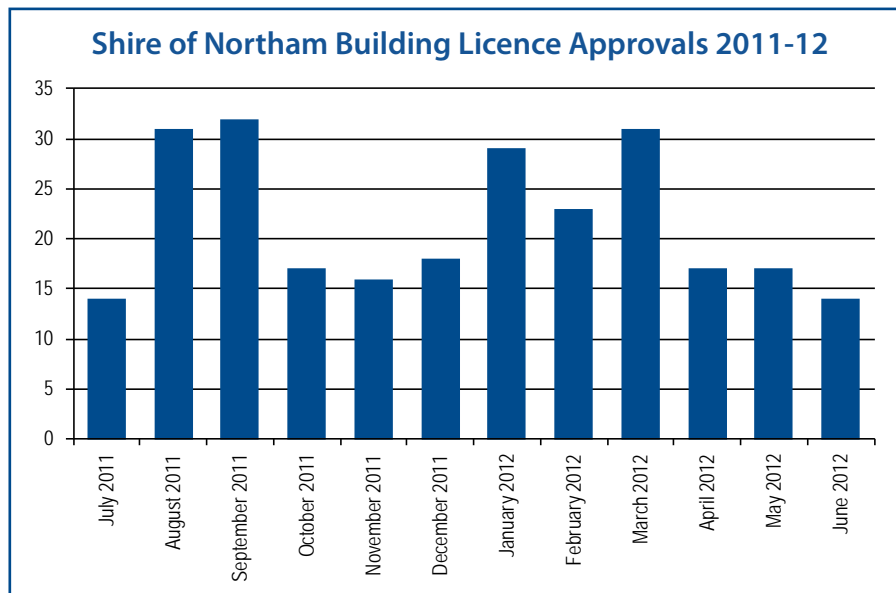
## Building Control

The Shire approved 274 building licences in 2011/2012, with total value for construction approved being \$19,879,424.

Building approvals consisted of 46 new dwellings, 192 building additions and outbuildings, 11 swimming pools, 13 demolitions, three (3) signs, two (2) factory/offices and seven (7) fences/retaining walls.

Some of the larger development works approved in the financial year included construction of the Hutchinson Factory at Meenar Industrial Park, works at El Caballo Lifestyle Village and the Duke Inn Hotel and accommodation units.

Under normal circumstances, licenses continued to be issued within ten working days.



## Health

Various health related programmes were conducted by the Shire to ensure public health and safety. A range of premises within the Shire require licensing and ongoing compliance activity including lodging houses, food businesses, offensive trades, stables, caravan parks, public buildings and events.

Some 108 Stallholders Permits were issued in accordance with Council's Local Laws which require all stallholders to have a permit prior to conducting a stall. In accordance with State legislation, public events held within the Shire of Northam require Council approval. Council's Environmental Health Officers assessed event applications against defined guidelines and legislative requirements, with fifteen events approved during 2011/12.

Installation of new septic systems requires prior approval of plans. Following installation, new systems are inspected for compliance and a permit to use is issued. In the 2010/2012 year 32 septic systems were approved.

Sampling of public swimming pool water and recycled effluent water is also an activity of the Health Section of Council. In summer, routine monthly sampling of public swimming pools in the Shire is conducted and samples sent for analysis to the Path Centre Waters Laboratory in Perth to gauge compliance with the Health (Aquatic Facility) Regulations 2007. During the year, high public safety standards were met and maintained for pools available to the public.

During the summer months when the ovals, gardens and reserves are watered with recycled effluent water, the Environmental Health Services also takes samples for analysis by the Path Centre Waters Laboratory in Perth. These samples are analysed under the direction of the Department of Health to ensure public safety is maintained, and sampling results for the year were within required standards.

Notifiable diseases reported to the Department of Health for the Shire of Northam area are provided in the following table:

Type of Condition	2009/10	2010/11	2011/12
Enteric diseases	17	20	12
Vector-borne diseases	2	6	12
Vaccine preventable diseases	38	59	107
Blood-borne viral diseases	2	4	8
Sexually transmitted diseases	N/A	33	35
Other diseases	0	2	2
Zoonotic diseases	0	0	0
TOTAL	59	124	176

The number of "vaccine preventable diseases" reported to the Department of Health has been increasing over the past three years. The "vaccine preventable diseases" prevalent in the Shire of Northam include "whooping cough", which is at high levels across Western Australia. The increase in the figures for vaccine preventable diseases is also due to influenza/swine flu being notifiable.

## Meat Inspection

In the 2011/12 financial year 14,596 cattle carcasses were inspected at PR Hepple & Sons Abattoir. The numbers processed are a slight decrease from the previous year of 15,741.

## Waste Management

During 2011/12 approximately 22,000 and 2,000 tonnes of waste material were received at the Old Quarry Road and Inkpen Road waste management facilities respectively.

Of the 22,000 tonnes of waste material received at the Old Quarry Road Waste Management Facility, approximately 18,500 tonnes of waste was land filled, with the other material, such as green waste, waste oil, tyres, car batteries, scrap metal and E-waste, being sent for recycling.

The Old Quarry Road Waste Management Facility obtained approximately 23,000 tonnes of clean fill capping material from the Northam Race Club dam construction. This material is suitable for future capping and rehabilitation on the site due to its high clay content and absence of contaminants, including dieback.

In August 2011 and April 2012 ground water monitoring was undertaken at the Old Quarry Road Waste Management Facility, as required under the licence issued by the Department of Environment and Conservation for the site, with satisfactory results.

Significant improvement works have been undertaken at the Inkpen Road Landfill Facility with the temporary capping of the old tipping area and the opening of a new cell system. This cell tipping system now complies

with the Inkpen Road Waste Management Plan and has received praise from the Department of Environment and Conservation.

The free Bulk Bin Collection Service in the Northam Town Site was observed to be a valuable service to residents with approximately 600 properties utilising these bins. Similarly, the Bulk Regional Skip Bins provided twice per year at the locations of Southern Brook, Grass Valley, Muluckine, Spencers Brook, Clackline, Bakers Hill and Wundowie for the collection of household hardwaste were well utilised.

## Recycling

Clean green waste is continuing to be collected for chipping for mulch, which is then made freely available to Shire of Northam households.

The "Drop Off Recycling



Points" at the Old Quarry Road Waste Management Facility, Inkpen Road Waste Management Facility, Peel Terrace Northam, Clackline, Bakers Hill, Wundowie, Grass Valley and El Caballo continue to receive increased public support.

The Shire of Northam undertakes E-waste collection at the Old Quarry Road Waste Management Facility. Over twelve (12) tonnes of E-waste was collected and approximately forty percent of the recycling fees were covered by the Waste Authority under the West Australian Transitional E-waste Funding Program.

The Shire has also constructed a purpose built cabinet located at the Administration Office for recycling items, including printer & photocopier cartridges, mobile phones & batteries, general household batteries and florescent light globes and tubes.

The Shire recycled approximately 234.6 tonnes of aluminium cans, steel cans, glass and plastic containers, cardboard and paper from the various drop-off points, with all recyclable components sent for recycling.

Almost 1000 various sized vehicle tyres, approximately 403.7 tonnes of scrap metal and approximately 15 tonnes of vehicle batteries were diverted from the landfills at Old Quarry Road and Inkpen Road waste management facilities in 2011/2012 and sent for recycling.

The Shire's oil acceptance facilities at the Old Quarry Road and Inkpen facilities have allowed members of the public to dispose of used oil from residential activities. Waste oil is re-refined for reuse after removal from the site. Approximately 20,250L of waste oil was received and collected for recycling in 2011/2012.

The Shire of Northam, in conjunction with DrumMuster recycled 3352 chemical containers during the 2011/2012 Financial Year.

## Town Planning

### Subdivisions

During the 2011/12 financial year, a total of fifteen new lots were created in the Shire of Northam, including eight Residential, two Special Residential and five Agricultural Regional lots.

A number of other subdivisions are in preliminary engineering approval stages and are anticipated to commence construction in the 2012/13 financial year.

### Developments

A total of 141 development approvals were issued during the financial year, including home occupations, reduced setbacks, sea containers, oversized outbuildings, commercial developments, group dwellings and relocated

dwellings. This is a slight decrease in development activity from the 2010/11 financial year.

### Scheme Amendments

During the 2011/12 financial year, three amendments to Town Planning Scheme No 3 (former Shire of Northam Planning Scheme) were gazetted and finalised.

No amendments to Town Planning Scheme No 5 (former Town of Northam Planning Scheme) were gazetted.

It is anticipated that Local Planning Scheme No.6 will be gazetted by the WAPC in 2012/2013.

### Statutory Planning

Major strategic documents,

including the Northam Regional Growth Plan 2011, Northam Town Centre Car Parking Strategy, Municipal Heritage Inventory and Northam Bike Plan have been developed. The Shire also commissioned the Northam Commercial & Government Office Accommodation Strategy.

Northam was also identified as a Supertown under the State Government's Royalties for Regions in 2011. A number of strategic Supertown projects are currently in the preliminary engineering stages which are anticipated to commence construction in the 2012/2013 financial year.



# Engineering Services

Engineering Services continues to develop the amenities and infrastructure of the Shire of Northam.

During the 2011/12 financial year the Engineering team has been very busy with construction of major projects.

## Road Construction

A total of \$2,578,249 was spent on road improvements with major projects including Irishtown Road, Wellington Street, Peel Terrace Upgrade, Leeder Road, Eadine Road, Jennapulin Road Stage 1, Coates Road, Meenaar North Road and Boase Road.

## Footpaths

A total of \$128,062 was spent on footpath construction located at Charles Street, Lance Street, Newcastle Road, Burnside Avenue and Ensign Dale.

## Parks and Gardens

A total of \$684,126 was spent on the upkeep and improvement of all parks, gardens and reserves within the Shire. The re-development of George Nuich Park commenced and a carpark for people with disability was constructed. Park furniture including shade structures were installed in Bernard Park. New play equipment and shade sails were installed at Bert Hawke oval.

## Drainage

A budgeted amount of \$254,189 was spent on the ongoing maintenance program and storm water drainage inspections, cleaning and flood mitigation works. An additional \$112,112 was spent upgrading drainage in Yilgarn Avenue

## Events and Festivals

During 2011/12, Engineering Services continued to provide valuable assistance to the many and varied events hosted throughout the Shire of Northam.





# SuperTowns

The State Government has a vision to revitalise towns selected under the Regional Centres Development Plan ("SuperTowns") Framework, and on 4 July 2011 Northam was selected as one of nine SuperTowns. Northam is reaffirmed as a Regional Centre under the State Government's ground breaking SuperTowns Initiative to encourage more people to settle and live in the regional areas. Similarly, the Shire of Northam, through the Northam Development Plan (2011), has articulated the desire for Northam to continue to grow sustainably and support local economic activity.

The SuperTowns project required the Shire of Northam, in conjunction with the Wheatbelt Development Commission, to submit a Growth Plan which identified aspirational growth parameters for the town and key enablers to achieve the desired growth. This initial planning was funded through the Phase 1 SuperTowns money. Council made the decision that this process would be handled "in-house" with internal staff utilised and supported by relevant consultants as required.

An assessment was undertaken to determine what information was required to develop the Growth Plan and a number of consultants were engaged to provide background

reports on aspects such as physical infrastructure, social infrastructure, environment, central business area and economic employment planning. The Shire of Northam, utilising this information together with the Northam Development Plan (2011) were able to work on writing the Growth Plan.

The Shire was then required to submit four business cases, in order of priority, for funding of projects that would allow the level of population increase identified in the growth plan.

Together the Shire of Northam and the State Government embarked on the preparation of the Northam Regional Centre Growth Plan for future development of the townsite with positive impacts for the Avon Sub-Region as whole.

In summary the key elements of the consultation process were:

### ***Community Reference Group Meetings***

Involving a cross representation of the community from environmental, business, health, community and Local Government elected members.

### ***SuperTown Project Team***

Involving representatives from the Shire, Community Reference Group, Wheatbelt Development Commission, Department of Planning, Department of Regional

Development and Lands and Landcorp. The team reviewed the draft growth plan and helped prioritise the business case submissions.

### ***Focus Group Workshops***

Involving a range of invited stakeholders from across government, non-government agencies, business, community and industry. These workshops included the review of initial town site and town centre spatial planning concepts.

### ***Project Design Forum***

A presentation of the proposed town site and town centre designs was presented by the consultant to participants (Government Agencies, Non-Government Organisations, Businesses and Community).

### ***Council Briefings***

Ongoing town site briefings were conducted to inform Councillors of progress being made in the development of town site growth plans and town centre plans.

### ***Youth Consultation and Visioning***

A session was held with primary school students to discuss the development of the town centre and what could be provided to make it a more attractive and vibrant place for young people.

### ***Open Community Consultation***

A number of open forums were held at various locations to inform the public including

displays at local shopping centres and Recreation Centre

### **Focus Group Meetings**

Group meetings were held with stakeholders to discuss and inform the project planning process. The groups were:

- Infrastructure Service Providers;
- Community Service Providers;
- Environmental;
- Aboriginal Community
- Business and Economic Development.

The Northam Regional Centre Growth Plan provides a framework for the future growth of the Northam town site. The document defines appropriate locations for future land use based on a total population for Northam of 20,000 residents and 50,000 for the Avon sub-region. The Growth Plan provides a strategic basis for the future growth of the town site, which will be used by decision makers in assessing rezoning, subdivision and development applications and with respect to the provision of infrastructure, services and community facilities.

The Preliminary Growth Plan was endorsed by Council, the Community Reference Group and the Project Team and was submitted to the Western Australian Planning Commission and the SuperTowns Steering Committee. Subsequent advice received that the

preliminary Growth Plan had been endorsed by all relevant parties.

Following the submission of the growth plan the Shire of Northam was required to submit four business cases that would be assessed competitively with all other SuperTowns for key projects. Following the preparation of the business cases the Shire, Project Team and Community Reference Group then prioritised the business cases in order of significance to the achievement of the objectives of the growth plan. In summary the submitted business cases were –

### **Avon Health & Emergency Services Precinct**

This case was based on the expansion of the existing precinct centred around the Northam Regional Hospital site. The business case involved the land assembly and infrastructure improvements that would enable the location of the proposed Wheatbelt GP SuperClinic site, St John Ambulance Regional Centre and the potential Rural Clinical School.

### **Revitalise Northam**

This case involved a number of themes including central business area development, inappropriate land use relocation, improvement to derelict sites, light industrial land development and West

Northam redevelopment.

### **Environmental**

Based around improvements to the Avon River and drainage infrastructure improvements to assist with the water quality improvement objectives. This business case was subsequently rebadged as the Avon River Revitalisation and Riverfront Redevelopment (Stage 1).

### **Community**

This case involved the construction of stage 2 of the Northam Recreation precinct included aquatic centre, youth space and senior citizens centre.

At the announcement of the successful business cases in May 2012 the Shire of Northam was successful in obtaining funding for the first year business cases of the Avon Health and Emergency Services Precinct (\$4,814,000) and Avon River Revitalisation and Riverfront Redevelopment (Stage 1) – (\$5,301,000).

# Statutory Reports

## Disability Access & Inclusion

The Shire of Northam has continued its commitment to providing improved access for people with disabilities through the implementation of the Disability Access and Inclusion Plan 2009-2013. The plan includes outcomes focused on improved access to services, facilities and events within the Shire.

At Bernard Park the public toilet block entrance has been widened to allow for wheelchair access and accessible picnic settings and pathways have been installed under six shelters. A wheel chair accessible water fountain has been installed in Apex Park.

A number of footpath and road crossings have been modified to make road crossings more accessible, and Council is committed to continuing with this program.

At the Northam Library automatic doors and a lift to the mezzanine floor have been installed to improve accessibility.

## Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the Shire is required to publish an information statement which

details the process of applying for information under the Act, as well as information that the Shire provides outside the Act. This document is available from Shire of Northam Administration Centre or the website.

During 2011/12 the Shire received four Freedom of Information applications, and one referral from a third party. The Act requires that all applications are responded to within 45 days.

## National Competition Policy

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

Local government will also be affected where local laws unnecessarily affect competition.

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

## Competitive Neutrality

Local Governments are required to apply the principle of competitive neutrality to all business activities generating user-pays income in excess of \$200,000.

The principle of competitive neutrality is that Government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership.

Annual Reports must show that a public benefit test has been conducted for all significant business activities to determine if competitive neutrality is in the public interest.

## Compliance with the State Records Act 2000

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 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.

### Register of Complaints

The Local Government Act 1995 s5.121 requires the complaints officer of the Local Government to maintain a register of complaints which records all complaints that result in an action under the Local Government Act s5.110 (6)(b) or (c).

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

- Name of Council Member about whom the complaint is made;
- Name of the person who makes the complaint;
- 

A description of the minor breach that the standards panel finds has occurred; and  
 Details of the actions taken under LGA s5.110 (6)(b) or (c).

During the 2011/12 financial year there have been no complaints recorded that

resulted in an action under LGA s5.110 (6) (b) or (c).

### Local Laws

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

During 2011/2012 amendments were instigated on the Waste Amendment Local Law and the Pest Plant Local Law was gazetted on 22 July 2011.

### Employees Remuneration

Local Government (Administration Regulation) 19B requires the annual report to contain details of the number of employees of the local government entitled to an annual salary of \$100,000 or more in bands of \$10,000 for each such band over \$100,000.

Salary Band	No of Employees
\$100,000 - \$109,000	3
\$110,000 - \$119,000	2
\$120,000 - \$129,000	
\$130,000 - \$139,000	
\$140,000 - \$149,000	
\$150,000 - \$159,000	
\$160,000 - \$169,000	
\$170,000 - \$179,000	1

# Financial Report

## Shire of Northam Financial Report For the Year Ended 30 June 2012

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**SHIRE OF NORTHAM**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**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 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Northam at 30th June 2012 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the Eleventh day of October 2012



Neville Hale  
Chief Executive Officer

**SHIRE OF NORTHAM**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
Rates	21	6,917,638	6,894,106	6,329,720
Operating Grants, Subsidies and Contributions	27	6,080,008	4,144,480	6,593,612
Fees and Charges	26	3,146,106	3,202,000	2,814,119
Interest Earnings	2(a)	642,081	479,446	617,742
Other Revenue		428,408	310,433	376,228
		<u>17,214,241</u>	<u>15,030,465</u>	<u>16,731,421</u>
<b>Expenses</b>				
Employee Costs		(5,986,490)	(5,059,218)	(5,438,247)
Materials and Contracts		(5,621,802)	(6,590,505)	(6,443,956)
Utility Charges		(627,705)	(622,021)	(574,486)
Depreciation on Non-Current Assets	2(a)	(3,198,458)	(2,893,915)	(2,905,191)
Interest Expenses	2(a)	(305,370)	(305,370)	(203,823)
Insurance Expenses		(535,162)	(502,094)	(251,196)
Other Expenditure		(303,182)	(305,803)	(315,756)
		<u>(16,578,169)</u>	<u>(16,278,926)</u>	<u>(16,132,655)</u>
		636,072	(1,248,461)	598,766
Non-Operating Grants, Subsidies and Contributions	27	10,159,165	3,099,573	6,187,986
Profit on Asset Disposals	19	0	2,269,104	82,026
Loss on Asset Disposals	19	0	(21,399)	(595,596)
		<u>10,159,165</u>	<u>5,347,278</u>	<u>6,674,416</u>
<b>Net Result</b>		<b>10,795,237</b>	<b>4,098,817</b>	<b>6,273,182</b>
<b>Other Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Other Comprehensive Income</b>		<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></u>
<b>Total Comprehensive Income</b>		<u><u><b>10,795,237</b></u></u>	<u><u><b>4,098,817</b></u></u>	<u><u><b>6,273,182</b></u></u>

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

**SHIRE OF NORTHAM**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
Governance		175,335	26,750	97,091
General Purpose Funding		11,207,619	10,262,764	9,735,168
Law, Order, Public Safety		285,063	261,286	280,969
Health		132,580	162,100	157,637
Education and Welfare		1,083,087	1,055,139	1,039,339
Housing		42,573	46,466	40,641
Community Amenities		2,427,364	1,819,452	1,848,887
Recreation and Culture		362,929	341,908	781,431
Transport		535,212	415,254	575,696
Economic Services		534,552	571,346	587,460
Other Property and Services		427,927	68,000	1,590,769
	2(a)	<u>17,214,241</u>	<u>15,030,465</u>	<u>16,735,088</u>
<b>Expenses</b>				
Governance		(721,976)	(796,097)	(674,454)
General Purpose Funding		(258,030)	(226,708)	(265,077)
Law, Order, Public Safety		(886,221)	(1,035,425)	(880,008)
Health		(485,302)	(493,239)	(468,498)
Education and Welfare		(1,079,514)	(1,134,493)	(1,081,703)
Housing		(81,991)	(97,994)	(94,512)
Community Amenities		(2,878,795)	(2,719,830)	(2,540,184)
Recreation and Culture		(3,086,862)	(3,025,100)	(2,572,107)
Transport		(4,669,965)	(4,436,537)	(4,019,563)
Economic Services		(1,840,273)	(1,941,111)	(1,504,149)
Other Property and Services		(283,870)	(67,022)	(1,832,244)
	2(a)	<u>(16,272,799)</u>	<u>(15,973,556)</u>	<u>(15,932,499)</u>
<b>Finance Costs</b>				
Governance		(10,605)	(10,605)	(12,070)
Community Amenities		(1,616)	(1,616)	(1,901)
Recreation and Culture		(162,356)	(162,356)	(107,751)
Transport		(4,780)	(4,780)	(5,326)
Economic Services		(126,013)	(126,013)	(76,775)
	2(a)	<u>(305,370)</u>	<u>(305,370)</u>	<u>(203,823)</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
General Purpose Funding		0	0	1,024,874
Law, Order, Public Safety		9,529	385,000	131,720
Education and Welfare		231,070	820,140	1,687,289
Community Amenities		8,469,985	335,000	45,760
Recreation and Culture		330,519	1,050,633	894,176
Transport		1,118,062	508,800	1,618,258
Economic Services		0	0	785,909
		<u>10,159,165</u>	<u>3,099,573</u>	<u>6,187,986</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		0	(7,735)	(9,738)
Law, Order, Public Safety		0	(12,566)	(5,606)
Health		0	29,929	(13,917)
Education and Welfare		0	0	(13,394)
Community Amenities		0	0	(29,334)
Recreation and Culture		0	181,612	(519,940)
Transport		0	2,053,327	74,773
Economic Services		0	3,138	3,586
		<u>0</u>	<u>2,247,705</u>	<u>(513,570)</u>
<b>Net Result</b>		<u><b>10,795,237</b></u>	<u><b>4,098,817</b></u>	<u><b>6,273,182</b></u>
<b>Other Comprehensive Income</b>		0	0	0
<b>Total Other Comprehensive Income</b>		<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></u>
<b>Total Comprehensive Income</b>		<u><u><b>10,795,237</b></u></u>	<u><u><b>4,098,817</b></u></u>	<u><u><b>6,273,182</b></u></u>

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



**SHIRE OF NORTHAM**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	19,227,960	10,353,039
Trade and Other Receivables	4	1,786,664	1,774,458
Inventories	5	36,733	25,749
<b>TOTAL CURRENT ASSETS</b>		<u>21,051,357</u>	<u>12,153,246</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	809,654	833,027
Inventories	5	917,401	917,401
Property, Plant and Equipment	6	24,259,972	23,372,533
Infrastructure	7	38,875,337	37,173,026
<b>TOTAL NON-CURRENT ASSETS</b>		<u>64,862,364</u>	<u>62,295,987</u>
<b>TOTAL ASSETS</b>		<u>85,913,721</u>	<u>74,449,233</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	2,401,956	1,725,084
Long Term Borrowings	9	417,435	395,164
Provisions	10	674,029	707,960
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,493,420</u>	<u>2,828,208</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	4,578,399	4,595,834
Provisions	10	107,859	86,385
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>4,686,258</u>	<u>4,682,219</u>
<b>TOTAL LIABILITIES</b>		<u>8,179,678</u>	<u>7,510,427</u>
<b>NET ASSETS</b>		<u>77,734,043</u>	<u>66,938,806</u>
<b>EQUITY</b>			
Retained Surplus		72,891,349	62,346,309
Reserves - Cash Backed	11	4,842,694	4,592,497
<b>TOTAL EQUITY</b>		<u>77,734,043</u>	<u>66,938,806</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 2012**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	TOTAL EQUITY \$
Balance as at 1 July 2010		55,418,122	5,247,502	60,665,624
Net Result		6,273,182	0	6,273,182
Total Other Comprehensive Income		0	0	0
Reserve Transfers		655,005	(655,005)	0
		<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2011</b>		<b>62,346,309</b>	<b>4,592,497</b>	<b>66,938,806</b>
Net Result		10,795,237	0	10,795,237
Total Other Comprehensive Income		0	0	0
Reserve Transfers		(250,197)	250,197	0
		<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2012</b>		<b><u>72,891,349</u></b>	<b><u>4,842,694</u></b>	<b><u>77,734,043</u></b>

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

**SHIRE OF NORTHAM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		6,802,544	7,044,106	6,356,078
Operating Grants, Subsidies and Contributions		6,193,474	4,244,480	6,904,547
Fees and Charges		3,204,621	3,162,000	3,149,167
Service Charges		0	0	0
Interest Earnings		642,081	484,446	592,811
Goods and Services Tax		1,214,531	300,000	1,861,476
Other Revenue		492,343	285,433	403,489
		<u>18,549,594</u>	<u>15,520,465</u>	<u>19,267,568</u>
<b>Payments</b>				
Employee Costs		(5,965,077)	(4,994,415)	(5,268,021)
Materials and Contracts		(5,946,551)	(6,495,505)	(5,838,749)
Utility Charges		(590,354)	(607,021)	(529,335)
Insurance Expenses		(535,162)	(502,094)	(251,196)
Interest expenses		(307,559)	(305,370)	(193,720)
Goods and Services Tax		(495,117)	(300,000)	(1,997,450)
Other Expenditure		(274,582)	(340,803)	(307,756)
		<u>(14,114,401)</u>	<u>(13,545,208)</u>	<u>(14,386,227)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	12(b)	<u>4,435,193</u>	<u>1,975,257</u>	<u>4,881,341</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		0	0	(827,273)
Payments for Purchase of Property, Plant & Equipment		(2,207,091)	(8,123,678)	(10,680,659)
Payments for Construction of Infrastructure		(3,581,116)	(5,436,972)	(2,248,636)
Non-Operating Grants, Subsidies and Contributions		10,159,165	3,099,573	6,187,986
Proceeds from Sale of Plant & Equipment		0	2,574,000	251,345
		<u>0</u>	<u>2,574,000</u>	<u>251,345</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>		4,370,958	(7,887,077)	(7,317,237)
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(395,165)	(395,164)	(315,620)
Proceeds from Self Supporting Loans		63,935	63,935	60,293
Proceeds from New Debentures		400,000	400,000	2,000,000
		<u>400,000</u>	<u>400,000</u>	<u>2,000,000</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>		68,770	68,771	1,744,673
<b>Net Increase (Decrease) in Cash Held</b>		8,874,921	(5,843,049)	(691,223)
Cash at Beginning of Year		10,353,039	10,352,894	11,044,262
<b>Cash and Cash Equivalents at the End of the Year</b>	12(a)	<u><u>19,227,960</u></u>	<u><u>4,509,845</u></u>	<u><u>10,353,039</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 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
<b>Revenue</b>				
Governance		175,335	26,750	97,091
General Purpose Funding		4,289,981	3,368,658	4,430,322
Law, Order, Public Safety		294,592	646,286	412,689
Health		132,580	193,127	157,637
Education and Welfare		1,314,157	1,875,279	2,726,628
Housing		42,573	46,466	40,641
Community Amenities		10,897,349	1,819,452	1,894,647
Recreation and Culture		693,448	858,520	1,675,607
Transport		1,653,274	3,519,214	2,268,727
Economic Services		534,552	1,083,284	1,376,955
Other Property and Services		427,927	68,000	1,590,769
		<u>20,455,768</u>	<u>13,505,036</u>	<u>16,671,713</u>
<b>Expenses</b>				
Governance		(732,581)	(814,437)	(696,262)
General Purpose Funding		(258,030)	(226,708)	(265,077)
Law, Order, Public Safety		(886,221)	(1,047,991)	(885,614)
Health		(485,302)	(494,337)	(482,415)
Education and Welfare		(1,079,514)	(1,134,492)	(1,095,098)
Housing		(81,991)	(97,994)	(94,512)
Community Amenities		(2,880,411)	(2,721,446)	(2,571,419)
Recreation and Culture		(3,249,218)	(3,187,456)	(3,199,798)
Transport		(4,674,745)	(4,441,317)	(4,024,889)
Economic Services		(1,966,286)	(2,067,125)	(1,580,924)
Other Property and Services		(283,870)	(67,022)	(1,832,243)
		<u>(16,578,169)</u>	<u>(16,300,325)</u>	<u>(16,728,251)</u>
<b>Net Result Excluding Rates</b>		3,877,599	(2,795,289)	(56,538)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	19	0	(2,247,705)	513,570
Movement in Accrued Interest		0	0	10,103
Movement in Deferred Pensioner Rates		(44,425)	0	(12,945)
Movement in Accrued Salaries and Wages		0	0	28,381
Movement in Employee Benefit Provisions		21,474	0	143,785
Depreciation on Assets	2(a)	3,198,458	2,893,915	2,905,191
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale		0	0	(827,273)
Purchase Land and Buildings		(1,880,310)	(6,728,658)	(9,068,739)
Purchase Infrastructure Assets - Roads		(2,578,249)	(2,741,787)	(1,366,299)
Purchase Infrastructure Assets - Bridges & Culverts		(52,000)	(552,000)	(36,000)
Purchase Infrastructure Assets - Footpaths		(128,062)	(159,721)	(204,703)
Purchase Infrastructure Assets - Drainage		(112,112)	(1,392,620)	(281,614)
Purchase Infrastructure Assets - Streetscape		0	0	(22,312)
Purchase Infrastructure Assets - Parks		(687,648)	(470,844)	(156,462)
Purchase Infrastructure Assets - Aero		(23,045)	(20,000)	(181,246)
Purchase Playground Equipment		0	(100,000)	0
Purchase Tools		0	(10,240)	0
Purchase Plant and Equipment		(220,267)	(982,580)	(1,414,943)
Purchase Bushfire Equipment		0	(225,000)	(101,720)
Purchase Furniture and Equipment		(106,514)	(177,200)	(95,257)
Proceeds from Disposal of Assets	19	0	2,574,000	251,345
Repayment of Debentures	20(a)	(395,165)	(395,164)	(315,620)
Proceeds from New Debentures	20	400,000	400,000	2,000,000
Self-Supporting Loan Principal Income		63,935	63,935	60,293
Transfers to Reserves (Restricted Assets)	11	(1,071,110)	(944,438)	(1,129,945)
Transfers from Reserves (Restricted Assets)	11	820,913	1,262,232	1,784,950
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	21(b)	5,063,770	5,870,067	7,201,300
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	21(b)	13,064,880	15,009	5,957,022
<b>Amount Required to be Raised from Rates</b>	21(a)	<u>(6,917,638)</u>	<u>(6,894,106)</u>	<u>(6,329,720)</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 2012**

**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 statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

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

**Critical Accounting Estimates**

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

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

**(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 18 to these financial statements.

**(c) Goods and Services Tax**

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

**(e) Trade and Other Receivables**

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

**(f) Inventories**

***General***

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

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

***Land Held for 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, borrowing costs and holding costs until Finance costs and holding charges incurred after development is completed are expensed.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

**(g) Fixed Assets**

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

***Initial Recognition***

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(g) Fixed Assets (Continued)**

***Revaluation***

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

***Land under Roads***

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

***Depreciation of Non-Current Assets***

All non-current assets having a limited useful life (excluding freehold land) 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.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(g) Fixed Assets (Continued)**

***Depreciation of Non-Current Assets (Continued)***

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

Buildings	50 years
Furniture and Equipment	5 years
Computer Hardware/Software	4 years
Tools	4 years
Cars	5 years
Utilities	4 years
Heavy Vehicles-	
-Trucks	5 years
-Graders, Loaders, & Heavy Equipment	10 years
Other Plant and Equipment	10 years
Sealed Roads and Streets	
Construction-Road Reconstruction	50 years
original surfacing and major re-surfacing	
- bituminous seals	15 years
- asphalt surfaces	20 years
Car Parks (Sealed)	40 years
Unsealed Gravel Roads	
construction/road base/sub grade	50 years
gravel sheet/resheet	10 years
Reserves/Playground Equipment	10 years
Bridges & Culverts	
-timber	50 year
-concrete	100 years
Footpaths	
-insitu concrete and slabs	40 years
-asphalt, bitumen surfaces	20 years
Kerbing	
- concrete	40 years
Street lighting	25 years
Sewerage piping	60 years
Water supply piping	60 years
Parks & Reserves	50 years
Main Drains & Water Retarding Basins	85 years

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

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

Gains and losses on disposals are determined by comparing proceeds with with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(g) Fixed Assets (Continued)**

***Capitalisation Threshold (Continued)***

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount in which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and

(d) less any reduction for impairment.

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

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

***Classification and Subsequent Measurement (Continued)***

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

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

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

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

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

***Derecognition***

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

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

**(i) Impairment**

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

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

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

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

**(j) Trade and Other Payables**

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

**(k) Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

**(l) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(m) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(n) 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 Council, are classified as finance leases.

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

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

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

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

**(o) Joint Venture**

The Council'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 appropriate line items of the financial statement. Information about the joint venture is set out in Note 15.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

**(q) Superannuation**

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

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

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

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

**(u) Budget Comparative Figures**

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new and amended standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 2013	



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

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

These new and revised standards were:

- AASB 124
- AASB 1054
- AASB 2009 - 12
- AASB 2009 - 14
- AASB 2010 - 4
- AASB 2010 - 5
- AASB 2010 - 6
- AASB 2010 - 9
- AASB 2011 - 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

<b>2. REVENUE AND EXPENSES</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
<b>Auditors Remuneration</b>		
- Audit	21,275	20,725
- Other Services	15,734	11,980
<b>Depreciation</b>		
Buildings	513,142	341,227
Furniture and Equipment	135,411	130,131
Plant and Equipment	528,671	484,162
Roads	1,319,180	1,239,307
Bridges & Culverts	82,118	81,558
Parks	67,604	66,098
Footpaths	158,540	146,161
Drainage	122,919	118,244
Aero	15,983	15,983
Bushfire Equipment	142,428	170,305
Streetscape	112,462	112,015
	<u>3,198,458</u>	<u>2,905,191</u>
<b>Interest Expenses (Finance Costs)</b>		
Debentures ( <i>refer Note 20(a)</i> )	305,370	203,823
	<u>305,370</u>	<u>203,823</u>
(ii) Crediting as Revenue:	<b>2012</b>	<b>2012</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>Interest Earnings</b>		
Investments		
- Reserve Funds	234,664	196,446
- Other Funds	310,295	190,000
Other Interest Revenue ( <i>refer note 25</i> )	97,122	93,000
	<u>642,081</u>	<u>479,446</u>
	<u>642,081</u>	<u>617,742</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**2. REVENUE 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 rate payers 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 accommodation).

**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, swimming pools, libraries and various reserves, parks and recreation grounds.

**TRANSPORT**

Construction and maintenance of roads, bridges, drainage works, footpaths, park facilities, traffic control and street cleaning. The Shire also operates a Motor Vehicle Licensing service under contract with the Government of Western Australia.

**ECONOMIC SERVICES**

The regulation and provision of tourism, area promotion, building control, saleyards, noxious weed 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 2012**

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

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

Grant/Contribution	Function/ Activity	Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
		Balance (*) 1-Jul-10 \$	2010/11 \$	2010/11 \$	Balance (*) 30-Jun-11 \$	2011/12 \$	2011/12 \$	Balance 30-Jun-12 \$
Office of Crime Prevention	Recreation	25,000	0	0	<b>25,000</b>	0	(25,000)	<b>0</b>
Roads to Recovery	Transport	60,126	558,512	(497,671)	<b>120,967</b>	556,019	(676,986)	<b>0</b>
Dept of Local Govt & Reg Dev	Governance	70,000	0	(50,000)	<b>20,000</b>	0	0	<b>20,000</b>
Greening Australia	Environment	2,078	0	(2,078)	<b>0</b>	0	0	<b>0</b>
SGIO	Fire Prevention	1,318	0	(1,318)	<b>0</b>	0	0	<b>0</b>
Main Roads WA	Transport	185,030	0	(5,619)	<b>179,411</b>	0	0	<b>179,411</b>
Grants Commission	Transport	4,000	0	(4,000)	<b>0</b>	0	0	<b>0</b>
Dept of Infrastructure	Recreation	3,267,487	0	(3,030,172)	<b>237,315</b>	0	(237,315)	<b>0</b>
Royalties for Regions	General Purpose	452,351	0	(452,351)	<b>0</b>	0	0	<b>0</b>
Reg & Local Community Infra	General Purpose	132,000	0	(132,000)	<b>0</b>	0	0	<b>0</b>
Wheatbelt Development Comm	Recreation	14,000	0	(14,000)	<b>0</b>	0	0	<b>0</b>
Wheatbelt Development Comm	Other Culture	70,000	0	(70,000)	<b>0</b>	0	0	<b>0</b>
Dept Reg Development & Lands	Governance	35,000	0	(7,979)	<b>27,021</b>	0	(27,021)	<b>0</b>
Main Roads WA	Transport	0	45,760	0	<b>45,760</b>	0	(45,760)	<b>0</b>
Department Local Government	Governance	0	25,000	0	<b>25,000</b>	0	(8,680)	<b>16,320</b>
Reg & Local Community Infra	Libraries	0	134,000	(118,860)	<b>15,140</b>	0	(15,140)	<b>0</b>
FESA	Other Law Order	0	21,189	(19,337)	<b>1,852</b>	23,080	(19,643)	<b>5,289</b>
Office of Crime Prevention	Other Law Order	0	14,891	0	<b>14,891</b>	0	(14,891)	<b>0</b>
Office of Crime Prevention	Other Law Order	0	17,816	0	<b>17,816</b>	0	(17,816)	<b>0</b>
Office of Crime Prevention	Other Law Order	0	18,077	(2,152)	<b>15,925</b>	0	(9,030)	<b>6,895</b>
Dept Regional Development	Welfare	0	1,679,860	0	<b>1,679,860</b>	102,915	(84,936)	<b>1,697,839</b>
Dept Environment & Conservation	Environment	0	30,000	(28,064)	<b>1,936</b>	0	(1,443)	<b>493</b>
Disability Services Commission	Libraries	0	14,176	0	<b>14,176</b>	0	(14,176)	<b>0</b>
WALGGC	Transport	0	52,000	0	<b>52,000</b>	0	(52,000)	<b>0</b>
Roads to Recovery	Transport	0	500,000	0	<b>500,000</b>	0	0	<b>500,000</b>
Dept Agriculture & Food	Tourism	0	20,000	(12,000)	<b>8,000</b>	0	(8,000)	<b>0</b>
WALGA	Transport	0	11,776	(7,489)	<b>4,287</b>	0	(4,287)	<b>0</b>
Insurance Australia	Youth Services	0	4,328	(1,860)	<b>2,468</b>	0	(2,468)	<b>0</b>
Public Open Space	Recreation	0	110,000	(5,118)	<b>104,882</b>	0	(59,620)	<b>45,262</b>
AROC	Waste	0	80,000	(16,870)	<b>63,130</b>	0	(63,130)	<b>0</b>
Grants Commission - Untied	General Pupose	0	0	0	<b>0</b>	2,485,088	(1,462,763)	<b>1,022,325</b>
Grants Commission - Roads	General Pupose	0	0	0	<b>0</b>	976,581	(556,127)	<b>420,454</b>
Asset Manage	Governance	0	0	0	<b>0</b>	70,000	(42,053)	<b>27,947</b>
Community Strategic	Governance	0	0	0	<b>0</b>	45,000	(34,375)	<b>10,625</b>
FESA - BFB	Fire Prevention	0	0	0	<b>0</b>	94,772	(90,952)	<b>3,820</b>
FESA - Water Expansion	Fire Prevention	0	0	0	<b>0</b>	5,500	(5,500)	<b>0</b>
Western Power	Fire Prevention	0	0	0	<b>0</b>	4,029	(4,029)	<b>0</b>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

(c) Conditions Over Grants/Contributions (continued)		Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
Grant/Contribution	Function/ Activity	Balance (*) 1-Jul-10	2010/11	2010/11	Balance (*) 30-Jun-11	2011/12	2011/12	Balance 30-Jun-12
		\$	\$	\$	\$	\$	\$	\$
Crime Prevention	Other Law Order	0	0	0	0	1,200	(1,200)	0
Crime Prevention - Trailer	Other Law Order	0	0	0	0	12,065	0	12,065
Crime Prevention - CCTV	Other Law Order	0	0	0	0	20,049	0	20,049
Crime Prevention - Youth Space	Other Law Order	0	0	0	0	25,000	0	25,000
Heritage Council - MHI	Community Amenities	0	0	0	0	15,000	(15,000)	0
Dept Reg Devel & Lands	Super Town	0	0	0	0	575,000	(359,672)	215,328
Dept Reg Devel & Lands	Super Town	0	0	0	0	4,814,550	0	4,814,550
Dept Reg Devel & Lands	Super Town	0	0	0	0	3,655,435	0	3,655,435
Dept. Sustainability Environment	Public Halls, Civic Centre	0	0	0	0	48,489	0	48,489
Heart Foundation	Recreation	0	0	0	0	5,000	(5,000)	0
Dept Sport & Recreation	Recreation	0	0	0	0	54,000	(20,970)	33,030
Dept Sport & Recreation	Recreation	0	0	0	0	3,000	(3,000)	0
Dept Sport & Recreation	Recreation	0	0	0	0	260,000	(260,000)	0
Dept of Transport	Recreation	0	0	0	0	12,000	(12,000)	0
Dept for Communities	Recreation	0	0	0	0	1,996	(1,996)	0
Lotterywest	Libraries	0	0	0	0	10,030	(10,030)	0
Injury Control Council	Tourism	0	0	0	0	755	(755)	0
Seniors Week	Tourism	0	0	0	0	480	(480)	0
WALGA	Tourism	0	0	0	0	24,024	(24,024)	0
Healthways	Tourism	0	0	0	0	10,000	(10,000)	0
Community Arts Network	Other Economic Services	0	0	0	0	3,182	(2,677)	505
MRWA - Direct Grant	Transport	0	0	0	0	123,580	(123,580)	0
MRWA - Regional Road Group	Transport	0	0	0	0	273,635	(273,635)	0
MRWA - Black Spot	Transport	0	0	0	0	280,000	(251,569)	28,431
<b>Total</b>		<b>4,318,390</b>	<b>3,337,385</b>	<b>(4,478,938)</b>	<b>3,176,837</b>	<b>14,591,454</b>	<b>(4,958,729)</b>	<b>12,809,562</b>

**Notes:**

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

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

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



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	1,575,704	1,703,929
Restricted	17,652,256	8,649,110
	<u>19,227,960</u>	<u>10,353,039</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Aged Accomodation Reserve (S)	225,986	221,701
Employees Future Liability Reserve	520,123	531,320
Housing Reserve (S)	215,731	204,763
Meat Inspection Reserve (S)	67,051	93,263
Office Equipment Reserve (S)	117,840	111,849
Plant & Equipment Reserve (S)	736,170	520,513
Recreation Reserve (S)	46,263	43,911
Refuse Site Reserve (S)	0	51,699
Road & Bridgeworks Reserve (S)	577,577	668,676
Refuse Site Reserve (T)	182,887	233,690
Regional Development Reserve (T)	119,017	108,213
Speedway Reserve (S)	119,929	113,832
Community Bus Replacement Reserve	50,493	38,421
Septage Pond Reserve	130,446	85,794
Killara Reserve	529,889	216,001
Minson Ave/Bernard Park Reserve	0	29,600
Stormwater Drainage Projects Reserve	6,007	5,701
Recreation and Community Facilities Reserve	396,128	468,135
Administration Office Reserve	433,126	400,435
Council Buildings & Amenities Reserve	60,072	204,954
River Town Pool Dredging Reserve	158,036	102,477
Parking Facilities Construction Reserve	144,916	137,549
Art Collection Reserve	5,007	0
Total Reserves	4,842,694	4,592,497
Conditions over Contributions		
Unspent Grants	12,809,562	3,176,837
Unspent Loans	0	879,776
Total Conditions over Contributions	12,809,562	4,056,613
	<u>17,652,256</u>	<u>8,649,110</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	562,831	521,629
Rate Debtors Legal	117,286	78,459
Sundry Debtors	936,696	728,928
GST Receivable	0	278,084
Loans - Clubs/Institutions	67,798	63,935
Debtors - Pensioner Rebates	16,027	28,704
Emergency Services Levy	32,234	28,917
Debtors - Rubbish Charges	66,923	64,565
Accrued Income	34,789	19,851
	<u>1,834,584</u>	<u>1,813,072</u>
Less Provision for Doubtful Debts	(47,920)	(38,614)
	<u>1,786,664</u>	<u>1,774,458</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	343,409	298,984
Loans - Clubs/Institutions	466,245	534,043
	<u>809,654</u>	<u>833,027</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	36,733	25,749
	<u>36,733</u>	<u>25,749</u>
<b>Non-Current</b>		
Land Held for Resale - Cost		
Cost of Acquisition	917,401	917,401
	<u>917,401</u>	<u>917,401</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	26,113,036	24,232,726
Less Accumulated Depreciation	<u>(5,038,594)</u>	<u>(4,525,453)</u>
	21,074,442	19,707,273
Plant and Equipment - Cost	5,387,458	5,167,191
Less Accumulated Depreciation	<u>(2,833,212)</u>	<u>(2,304,541)</u>
	2,554,246	2,862,650
Furniture and Equipment - Cost	1,768,441	1,661,928
Less Accumulated Depreciation	<u>(1,483,817)</u>	<u>(1,348,406)</u>
	284,624	313,522
Bushfire Equipment - Cost	1,885,873	1,915,873
Less Accumulated Depreciation	<u>(1,539,213)</u>	<u>(1,426,785)</u>
	346,660	489,088
Playground Equipment - Cost	29,700	29,700
Less Accumulated Depreciation	<u>(29,700)</u>	<u>(29,700)</u>
	0	0
Tools - Cost	3,756	3,756
Less Accumulated Amortisation	<u>(3,756)</u>	<u>(3,756)</u>
	0	0
	<u><u>24,259,972</u></u>	<u><u>23,372,533</u></u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**Movements in Carrying Amounts**

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

	<b>Land &amp; Buildings \$</b>	<b>Plant &amp; Equipment \$</b>	<b>Furniture &amp; Equipment \$</b>	<b>Bushfire Equipment \$</b>	<b>Total \$</b>
Balance as at the beginning of the year	19,707,273	2,862,650	313,522	489,088	23,372,533
Additions	1,880,310	220,267	106,514	0	2,207,091
Depreciation (Expense)	(513,142)	(528,671)	(135,411)	(142,428)	(1,319,651)
Transfer	1	(1)	0	0	0
<b>Carrying amount at the end of year</b>	<b><u>21,074,442</u></b>	<b><u>2,554,245</u></b>	<b><u>284,625</u></b>	<b><u>346,660</u></b>	<b><u>24,259,972</u></b>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	2012	2011
	\$	\$
<b>7. INFRASTRUCTURE</b>		
Roads - Cost	58,204,261	55,626,012
Less Accumulated Depreciation	<u>(34,773,863)</u>	<u>(33,454,683)</u>
	23,430,398	22,171,329
Parks & Ovals - Cost	3,403,059	2,715,409
Less Accumulated Depreciation	<u>(1,582,788)</u>	<u>(1,515,183)</u>
	1,820,271	1,200,226
Drainage - Cost	7,600,688	7,488,575
Less Accumulated Depreciation	<u>(4,674,919)</u>	<u>(4,552,000)</u>
	2,925,769	2,936,575
Footpaths - Cost	6,807,434	6,679,373
Less Accumulated Depreciation	<u>(3,376,218)</u>	<u>(3,217,679)</u>
	3,431,216	3,461,694
Streetscape - Cost	3,812,118	3,812,118
Less Accumulated Depreciation	<u>(858,252)</u>	<u>(745,790)</u>
	2,953,866	3,066,328
Bridges & Culverts - Cost	8,209,860	8,157,860
Less Accumulated Depreciation	<u>(4,431,372)</u>	<u>(4,349,253)</u>
	3,778,488	3,808,607
Aero - Cost	587,688	564,644
Less Accumulated Depreciation	<u>(52,359)</u>	<u>(36,377)</u>
	535,329	528,267
	<u>38,875,337</u>	<u>37,173,026</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<b>Roads</b> \$	<b>Parks and Ovals</b> \$	<b>Drainage</b> \$	<b>Footpaths</b> \$	<b>Streetscape</b> \$	<b>Bridges and Culverts</b> \$	<b>Aero</b> \$	<b>Total</b> \$
Balance at the beginning of the year	22,171,329	1,200,227	2,936,576	3,461,694	3,066,328	3,808,607	528,267	37,173,028
Additions	2,578,249	687,648	112,112	128,062	0	52,000	23,045	3,581,116
Depreciation (Expense)	(1,319,180)	(67,604)	(122,919)	(158,540)	(112,462)	(82,118)	(15,983)	(1,878,806)
Adjustment	0	0	0	0	0	(1)	0	(1)
<b>Carrying amount at the end of year</b>	<b><u>23,430,398</u></b>	<b><u>1,820,271</u></b>	<b><u>2,925,769</u></b>	<b><u>3,431,216</u></b>	<b><u>2,953,866</u></b>	<b><u>3,778,488</u></b>	<b><u>535,329</u></b>	<b><u>38,875,337</u></b>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	1,430,952	1,545,720
GST Payable	761,112	0
Accrued Interest on Debentures	61,286	63,475
Accrued Salaries and Wages	147,156	113,286
ESL Payable	1,450	2,260
Rostered Days Off Liability	0	343
	<u>2,401,956</u>	<u>1,725,084</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge Debentures	<u>417,435</u>	<u>395,164</u>
	<u>417,435</u>	<u>395,164</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	<u>4,578,399</u>	<u>4,595,834</u>
	<u>4,578,399</u>	<u>4,595,834</u>
Additional detail on borrowings is provided in Note 20.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	443,369	424,116
Provision for Long Service Leave	230,660	283,844
	<u>674,029</u>	<u>707,960</u>
<b>Non-Current</b>		
Provision for Long Service Leave	107,859	86,385
	<u>107,859</u>	<u>86,385</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2012 \$	2012 Budget \$	2011 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Aged Accommodation Reserve</b>			
Opening Balance	221,701	221,701	203,336
Interest	11,886	9,533	9,966
Amount Set Aside / Transfer to Reserve	8,399	8,399	8,399
Amount Used / Transfer from Reserve	(16,000)	(16,000)	0
	<u>225,986</u>	<u>223,633</u>	<u>221,701</u>
<b>(b) Employees Liability Reserve</b>			
Opening Balance	531,320	531,320	504,841
Interest	28,402	22,847	24,733
Amount Set Aside / Transfer to Reserve	1,791	1,791	1,746
Amount Used / Transfer from Reserve	(41,390)	(23,750)	0
	<u>520,123</u>	<u>532,208</u>	<u>531,320</u>
<b>(c) Housing Reserve</b>			
Opening Balance	204,763	204,763	195,201
Interest	10,968	8,805	9,562
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>215,731</u>	<u>213,568</u>	<u>204,763</u>
<b>(d) Meat Inspection Reserve</b>			
Opening Balance	93,263	108,721	103,643
Interest	4,995	4,675	5,077
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	(31,207)	(11,703)	(15,457)
	<u>67,051</u>	<u>101,693</u>	<u>93,263</u>
<b>(e) Office Equipment Reserve</b>			
Opening Balance	111,849	111,849	97,087
Interest	5,991	4,810	4,762
Amount Set Aside / Transfer to Reserve	0	0	10,000
Amount Used / Transfer from Reserve	0	0	0
	<u>117,840</u>	<u>116,659</u>	<u>111,849</u>
<b>(f) Plant &amp; Equipment Reserve</b>			
Opening Balance	520,513	520,513	978,466
Interest	28,203	22,382	47,934
Amount Set Aside / Transfer to Reserve	230,000	230,000	235,000
Amount Used / Transfer from Reserve	(42,546)	(452,690)	(740,887)
	<u>736,170</u>	<u>320,205</u>	<u>520,513</u>



**SHIRE OF NORTHAM**  
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	2012 \$	2012 Budget \$	2011 \$
<b>11. RESERVES - CASH BACKED (Continued)</b>			
<b>(g) Recreation Reserve</b>			
Opening Balance	43,911	43,911	291,764
Interest	2,352	1,888	14,292
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(45,799)	(262,145)
	<u>46,263</u>	<u>0</u>	<u>43,911</u>
<b>(h) Refuse Reserve</b>			
Opening Balance	51,699	51,699	209,188
Interest	2,693	2,223	10,156
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Set Aside / Transfer to Reserve	(54,392)	(53,922)	(167,645)
	<u>0</u>	<u>0</u>	<u>51,699</u>
<b>(i) Road &amp; Bridgeworks Reserve</b>			
Opening Balance	668,676	668,676	581,982
Interest	35,637	28,753	28,511
Amount Set Aside / Transfer to Reserve	17,650	17,650	58,183
Amount Used / Transfer from Reserve	(144,386)	(144,386)	0
	<u>577,577</u>	<u>570,693</u>	<u>668,676</u>
<b>(j) Recreation Reserve</b>			
Opening Balance	0	0	189,813
Interest	0	0	9,191
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(199,004)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(k) Refuse Site Reserve</b>			
Opening Balance	233,690	233,690	203,700
Interest	12,477	10,049	9,990
Amount Set Aside / Transfer to Reserve	33,922	33,922	20,000
Amount Used / Transfer from Reserve	(97,202)	(40,000)	0
	<u>182,887</u>	<u>237,661</u>	<u>233,690</u>
<b>(l) Regional Development Reserve</b>			
Opening Balance	108,213	108,213	131,502
Interest	5,804	4,653	6,450
Amount Set Aside / Transfer to Reserve	5,000	5,000	15,000
Amount Used / Transfer from Reserve	0	0	(44,739)
	<u>119,017</u>	<u>117,866</u>	<u>108,213</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2012 Budget \$	2011 \$
<b>11. RESERVES - CASH BACKED (Continued)</b>			
<b>(m) Speedway Reserve</b>			
Opening Balance	113,832	113,832	108,516
Interest	6,097	4,895	5,316
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>119,929</u>	<u>118,727</u>	<u>113,832</u>
<b>(n) Community Bus Replacement Reserve</b>			
Opening Balance	38,421	38,421	27,088
Interest	2,072	1,652	1,333
Amount Set Aside / Transfer to Reserve	10,000	10,000	10,000
Amount Used / Transfer from Reserve	0	(30,000)	0
	<u>50,493</u>	<u>20,073</u>	<u>38,421</u>
<b>(o) Septage Pond Reserve</b>			
Opening Balance	85,794	85,794	62,711
Interest	4,652	3,689	3,083
Amount Set Aside / Transfer to Reserve	40,000	40,000	20,000
Amount Used / Transfer from Reserve	0	0	0
	<u>130,446</u>	<u>129,483</u>	<u>85,794</u>
<b>(p) Killara Reserve</b>			
Opening Balance	216,001	176,556	206,543
Interest	11,392	7,592	9,336
Amount Set Aside / Transfer to Reserve	312,063	0	39,445
Amount Used / Transfer from Reserve	(9,567)	(38,359)	(39,323)
	<u>529,889</u>	<u>145,789</u>	<u>216,001</u>
<b>(q) Minson Ave/Bernard Park Reserve</b>			
Opening Balance	29,600	29,600	28,218
Interest	1,542	1,273	1,382
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	(31,142)	(30,873)	0
	<u>0</u>	<u>0</u>	<u>29,600</u>
<b>(r) Stormwater Drainage Projects Reserve</b>			
Opening Balance	5,701	5,701	134,138
Interest	306	245	6,563
Amount Set Aside / Transfer to Reserve	0	0	30,000
Amount Used / Transfer from Reserve	0	0	(165,000)
	<u>6,007</u>	<u>5,946</u>	<u>5,701</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2012 Budget \$	2011 \$
<b>11. RESERVES - CASH BACKED (Continued)</b>			
<b>(s) Recreation and Community Facilities Reserve</b>			
Opening Balance	468,135	468,135	470,751
Interest	25,073	20,130	23,048
Amount Set Aside / Transfer to Reserve	0	0	125,086
Amount Used / Transfer from Reserve	(97,080)	(174,750)	(150,750)
	<u>396,128</u>	<u>313,515</u>	<u>468,135</u>
<b>(t) Administration Office Reserve</b>			
Opening Balance	400,435	400,435	369,014
Interest	21,463	17,219	18,078
Amount Set Aside / Transfer to Reserve	11,228	11,228	13,343
Amount Used / Transfer from Reserve	0	0	0
	<u>433,126</u>	<u>428,882</u>	<u>400,435</u>
<b>(u) Council Buildings &amp; Amenities Reserve</b>			
Opening Balance	204,954	204,954	100,000
Interest	11,118	8,813	4,954
Amount Set Aside / Transfer to Reserve	100,000	335,000	100,000
Amount Used / Transfer from Reserve	(256,000)	(200,000)	0
	<u>60,072</u>	<u>348,767</u>	<u>204,954</u>
<b>(v) River Town Pool Dredging Reserve</b>			
Opening Balance	102,477	102,477	50,000
Interest	5,559	4,407	2,477
Amount Set Aside / Transfer to Reserve	50,000	50,000	50,000
Amount Used / Transfer from Reserve	0	0	0
	<u>158,036</u>	<u>156,884</u>	<u>102,477</u>
<b>(w) Parking Facilities Construction Reserve</b>			
Opening Balance	137,549	137,549	0
Interest	7,367	5,915	76
Amount Set Aside / Transfer to Reserve	0	0	137,473
Amount Used / Transfer from Reserve	0	0	0
	<u>144,916</u>	<u>143,464</u>	<u>137,549</u>
<b>(x) Art Collection Reserve</b>			
Opening Balance	0	0	0
Interest	7	0	0
Amount Set Aside / Transfer to Reserve	5,000	5,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>5,007</u>	<u>5,000</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>4,842,694</u></u>	<u><u>4,250,716</u></u>	<u><u>4,592,497</u></u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**11. RESERVES - CASH BACKED (Continued)**

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3.

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

**(a) Aged Accommodation Reserve**

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

**(b) Employees Liability Reserve**

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

**(c) Housing Reserve**

Purpose - Reserve established for future construction of Community Housing in Wundowie.

**(d) Meat Inspection Reserve**

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

**(e) Office Equipment Reserve**

Purpose - 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.

**(f) Plant & Equipment Reserve**

Purpose - 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.

**(g) Recreation Reserve**

Purpose - 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.

**(h) Refuse Reserve**

Purpose - Provision of future waste management strategy within the Shire of Northam.

**(i) Road & Bridgeworks Reserve**

Purpose - 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.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**11. RESERVES - CASH BACKED (Continued)**

**(j) Recreation Reserve**

Purpose - Development and improvement of Council's Recreation and Sporting facilities, equipment and infrastructure. No date has been specified for the use of this Reserve.

**(k) Refuse Site Reserve**

Purpose - Development of Colebatch Road Refuse Site, including provision for future replacement facility and/or site. No date has been specified for the use of this Reserve.

**(l) Regional Development Reserve**

Purpose - To provide for future projects whereby a broader range of development ideas may be required to be encouraged on a regional basis, in consultation with other stakeholders and/or Local Governments. No date has been specified for the use of this Reserve.

**(m) Speedway Reserve**

Purpose - To provide funds for possible future works required at the Northam Speedway site on Fox Road Northam. No date has been specified for the use of this Reserve.

**(n) Community Bus Replacement Reserve**

Purpose - To provide funds for future replacement of the Shire of Northam Community Bus. No date has been specified for the use of this Reserve.

**(o) Septage Pond Reserve**

Purpose - To provide for funds for future septage ponds capital upgrade works. No date has been specified for the use of this Reserve.

**(p) Killara Reserve**

Purpose - To provide a fund for surplus funds from Killara Operations and a restricted cash for and unspent Killara Grants. No date has been specified for the use of this Reserve.

**(q) Minson Ave/Bernard Park Reserve**

Purpose - To provide funds for amenities within Bernard Park. No date has been specified for the use of this Reserve.

**(r) Stormwater Drainage Projects Reserve**

Purpose - To provide funds for stormwater drainage projects. No date has been specified for the use of this Reserve.

**(s) Recreation and Community Facilities Reserve**

Purpose - To provide funds for Recreation and Public Facilities within the New Shire of Northam that are not quarantined for 4 years merger agreement. No date has been specified for the use of this Reserve.

**(t) Administration Office Reserve**

Purpose - To provide funds for the expansion or relocation of the Shire of Northam Administration Centre. No date has been specified for the use of this Reserve.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**11. RESERVES - CASH BACKED (Continued)**

**(u) Council Buildings & Amenities Reserve**

Purpose - Provision for maintenance and upgrading of Council buildings and amenities. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

**(v) River Town Pool Dredging Reserve**

Purpose - Provision for dredging and maintenance of the River Town Pool. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

**(w) Parking Facilities Construction Reserve**

Purpose - Provision for future car parking facilities. Funds not expected to be used in a set period as further transfers to the reserve account are anticipated.

**(x) Art Collection Reserve**

Purpose - To provide maintenance of Councils art collection including acquisition and disposal

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>19,227,960</u>	<u>4,509,845</u>	<u>10,353,039</u>

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

Net Result	10,795,237	4,098,817	6,273,182
Depreciation	3,198,458	2,893,915	2,905,191
(Profit)/Loss on Sale of Asset	0	(2,247,705)	513,570
(Increase)/Decrease in Receivables	(52,768)	756,757	538,697
(Increase)/Decrease in Inventories	(10,984)	30,000	(10,065)
Increase/(Decrease) in Payables	676,872	(539,454)	704,967
Increase/(Decrease) in Employee Provisions	(12,457)	32,500	143,785
Grants/Contributions for the Development of Assets	<u>(10,159,165)</u>	<u>(3,099,573)</u>	<u>(6,187,986)</u>
Net Cash from Operating Activities	<u>4,435,193</u>	<u>1,925,257</u>	<u>4,881,341</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	15,000	15,000
Credit Card Balance at Balance Date	<u>(169)</u>	<u>(2,050)</u>
<b>Total Amount of Credit Unused</b>	<u>114,831</u>	<u>112,950</u>

**Loan Facilities**

Loan Facilities - Current	417,435	395,164
Loan Facilities - Non-Current	<u>4,578,399</u>	<u>4,595,834</u>
<b>Total Facilities in Use at Balance Date</b>	<u>4,995,834</u>	<u>4,990,998</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>	<u>879,776</u>
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**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**13. CONTINGENT LIABILITIES**

The Shire of Northam had no contingent Liabilities at 30 June 2012

**14. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

The Shire has no finance lease commitments at 30 June 2012.

**(b) Operating Lease Commitments**

The Shire has no operating lease commitments at 30 June 2012.

**(c) Capital Expenditure Commitments**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	159,579	1,063,047
- plant & equipment purchases	366,637	83,250
Payable:		
- not later than one year	526,216	1,146,297

The capital expenditure project outstanding at the end of the current reporting period represents construction of the Southern Brook Bush Fire Brigade Shed  
Plant & Equipment purchases represents the order placed for Community Bus, Falcon Body and Hino Truck

The capital expenditure project outstanding at the end of the 2011 reporting period represents the construction of the new Recreation Facilities, Jubilee Oval Northam.  
Plant & Equipment purchases represents the order placed for a Flocon Body.

**15. JOINT VENTURE**

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Non-Current Assets</b>		
Buildings (#S406)	584,522	584,522
Less: Accumulated Depreciation	(186,388)	(174,698)
	398,134	409,824



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

<b>16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Governance	2,403,104	2,363,528
General Purpose Funding	1,116,948	849,317
Law, Order, Public Safety	970,350	1,101,517
Health	164,473	197,695
Education and Welfare	2,902,769	2,475,511
Housing	981,681	981,732
Community Amenities	3,120,402	3,246,971
Recreation and Culture	18,998,086	16,934,135
Transport	38,900,090	37,482,528
Economic Services	11,478,028	2,900,490
Other Property and Services	303,759	496,064
Unallocated	4,574,031	5,419,745
	<u>85,913,721</u>	<u>74,449,233</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

<b>17. FINANCIAL RATIOS</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current Ratio	1.14	1.53	2.23
Untied Cash to Unpaid Trade Creditors Ratio	1.10	1.10	0.81
Debt Ratio	0.10	0.10	0.08
Debt Service Ratio	0.04	0.03	0.03
Gross Debt to Revenue Ratio	0.29	0.30	0.22
Gross Debt to Economically Realisable Assets Ratio	0.11	0.13	0.11
Rate Coverage Ratio	0.26	0.28	0.34
Outstanding Rates Ratio	0.07	0.07	0.09

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
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 2012**

**18. TRUST FUNDS**

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

	Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
Facilities - Bonds	330	2,700	(1,550)	1,480
Town Hall Bond	900	3,200	(2,300)	1,800
Lesser Hall Bond	1,900	0	0	1,900
Builders Reg Board Levy	0	13,139	(11,883)	1,256
Footpath/Kerbing Deposit	52,500	53,000	(10,500)	95,000
Retentions	39,481	28,026	(5,412)	62,095
Sundry Trust	8,310	1,560	(1,560)	8,310
Building & Construction (BCITF)	(7)	39,386	(37,504)	1,875
Standpipe Key	5,500	200	(50)	5,650
Resited Dwellings	34,700	0	(26,000)	8,700
Deposits-Extractive Industries	224,516	28,638	(5,174)	247,980
Other	20,842	2,046	(1,945)	20,943
Other - Rental Bond	800	0	(200)	600
Nomination Deposits	0	720	(720)	0
POS - Cash in Lieu	200,089	11,602	0	211,691
Bonds - Building	75,000	0	(27,500)	47,500
Crossovers - Bond	70,392	1,500	(4,500)	67,392
Bonds - Animal Traps	100	550	(500)	150
	<u>735,353</u>	<u>186,267</u>	<u>(137,298)</u>	<u>784,322</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**19. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR**

The Shire of Northam did not dispose any assets during 2011/12 financial year.

	Written Down Value		Sale Proceeds		Profit(Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>						
CEO Vehicle - Asset MV1008	0	47,298	0	40,000	0	(7,298)
EMCS Vehicle - Asset 9248	0	25,437	0	25,000	0	(437)
<b>Law, Order Public Safety</b>						
Snr Ranger Vehicle - Asset MV 1010	0	22,283	0	16,000	0	(6,283)
Ranger Vehicle - Asset MV 1011	0	22,283	0	16,000	0	(6,283)
<b>Health</b>						
Snr Environmental Health Vehicle - Asset 9232	0	19,098	0	18,000	0	(1,098)
Lot 310 Wandoo Parade - Asset S404	0	3,973	0	35,000	0	31,027
<b>Education &amp; Welfare</b>						
Killara - Bus Replacement	0	0	0	42,000	0	0
<b>Recreation &amp; Culture</b>						
Recreation Manager Ute - Asset 9211	0	9,464	0	17,000	0	7,536
Wundowie Yak Lot 311 - Asset S222	0	25,924	0	200,000	0	174,076
<b>Transport</b>						
Isuzu Folcon 2002 - Asset S633	0	14,234	0	20,000	0	5,766
Flocon Body - Asset S450	0	0	0	0	0	0
Parks & Gardens Supervisor Utility - Asset 9061	0	0	0	9,000	0	9,000
Reticulation Utility - Asset 9063	0	0	0	11,000	0	11,000
Oval Tractor - Asset 933	0	0	0	25,000	0	25,000
Parks & Gardens Truck - Asset 989	0	0	0	18,000	0	18,000
Wundowie Tractor & Loader - Asset S590	0	0	0	25,000	0	25,000
Wudnowie Quad Bike - Asset S585	0	0	0	2,000	0	2,000
Construction Supervisor Utility - Asset 9212	0	6,879	0	14,000	0	7,121
Works Supervisor Utility - Asset 9218	0	14,984	0	22,000	0	7,016
Bobcat Trailer	0	0	0	4,000	0	4,000
Grass & Debris Broom / Attached To Tractor	0	0	0	1,000	0	1,000
Shire Depot - Assets 259,260,261,262,266,488	0	0	0	0	0	1,938,424
Howard Nugger 100 Rotaslasher 9236B	0	0	0	0	0	0
<b>Economic Services</b>						
Building Surveyor Vehicle - Asset 9226	0	12,862	0	16,000	0	3,138
	0	224,719	0	576,000	0	2,247,705

Profit on Asset Disposals	0	2,269,104
Loss on Asset Disposals	0	(21,399)
	<u>0</u>	<u>2,247,705</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**20. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 01-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>								
Loan 215 - Admin Office Renovations	162,243	0	22,747	22,747	139,496	139,496	10,605	10,605
<b>Community Amenities</b>					0			
Loan 210 - River Dredging	27,601	0	4,876	4,876	22,725	22,725	1,616	1,616
<b>Recreation &amp; Culture</b>					0			
Loan 206 - Northam Country Club **	285,771	0	31,255	31,255	254,516	254,516	16,517	16,517
Loan 208 - Northam Country Club **	41,708	0	3,670	3,670	38,038	38,038	3,044	3,044
Loan 219 - Northam Bowling Club **	182,199	0	19,954	19,954	162,245	162,245	10,460	10,460
Loan 222 - Northam Trotting Club Building	88,300	0	9,056	9,056	79,244	79,244	4,705	4,705
Loan 223 - Recreation Facilities	932,800	0	80,666	80,666	852,134	852,134	55,918	55,918
Loan 224 - Recreation Facilities	1,100,000	0	27,887	27,887	1,072,113	1,072,113	71,712	71,712
Loan 226 - Recreation Facilities	0	400,000		0	400,000	400,000	0	0
<b>Transport</b>								
Loan 221 - Airstrip Upgrade	77,936	0	9,196	9,196	68,740	68,740	4,780	4,780
<b>Economic Services</b>								
Loan 204 - Visitors Centre/Tourist Bureau	14,474	0	9,438	9,438	5,036	5,036	1,086	1,086
Loan 205 - Visitor Centre Café	25,975	0	17,036	17,036	8,939	8,939	1,425	1,425
Loan 217 - CBD Streetscape	1,030,386	0	123,267	123,267	907,119	907,119	57,800	57,800
Loan 218 - CBD Streetscape	121,605	0	13,300	13,300	108,305	108,305	7,029	7,029
Loan 225 - Victoria Oval Purchase	900,000	0	22,817	22,817	877,183	877,183	58,674	58,674
	4,990,998	400,000	395,165	395,164	4,995,834	4,995,835	305,370	305,370

(\*\*) Self supporting loan financed by payments from third parties.  
All other loan repayments were financed by general purpose revenue.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**20. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2011/12

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 226-Recreation Centre Facilities	400,000	400,000	WATC	Debenture	20	252,933	5	400,000	400,000	0

(c) Unspent Debentures

The Shire had no unspent debentures as at 30 June 2012

(d) Overdraft

Council acquired an overdraft facility of \$100,000 established by a predecessor Council in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2012 was Nil.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**21. RATING INFORMATION - 2011/12 FINANCIAL YEAR**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate</b>											
00 Non-Rateable	0.0000	637	687,936	0	0	0	0	0	0	0	0
01 GRV - Townsites Residential	8.6028	2,701	33,821,632	2,916,385	25,267	568	2,942,220	2,909,608	18,500	600	2,928,708
02 GRV - Northam Commercial/Industrial	9.8128	247	11,290,668	1,107,931	(4,299)	0	1,103,632	1,107,931	500	100	1,108,531
05 Agricultural Local	0.3580	387	179,621,000	643,043	13,140	0	656,183	643,043	5,000	100	648,143
06 Agricultural Regional	0.3414	209	125,035,000	426,219	15,404	242	441,865	426,869	5,000	100	431,969
07 Rural Small Holdings	0.4935	545	102,156,000	504,141	2,809	0	506,950	504,141	1,000	100	505,241
08 Springhill (Landuse)	0.4936	1	283,000	1,397	0	0	1,397	1,397	0	0	1,397
09 Princes (Landuse)	2.3978	1	145,000	3,477	0	0	3,477	3,477	0	0	3,477
10 Solfame (Landuse)	0.7058	1	567,000	4,002	0	0	4,002	4,002	0	0	4,002
11 Bennie (Landuse)	0.8920	1	175,000	1,561	0	0	1,561	1,561	0	0	1,561
12 CSR (Landuse)	1.3400	1	308,000	4,127	0	0	4,127	4,127	0	0	4,127
<b>Sub-Totals</b>		4,731	454,090,236	5,612,283	52,321	810	5,665,414	5,606,156	30,000	1,000	5,637,156
<b>Minimum Rates</b>	<b>\$</b>										
01 GRV - Townsites Residential	725	1,171	5,818,476	843,900	0	0	843,900	848,975	0	0	848,975
02 GRV - Northam Commercial/Industrial	725	42	176,368	30,450	0	0	30,450	30,450	0	0	30,450
05 Agricultural Local	725	192	42,595,806	215,325	0	0	215,325	215,325	0	0	215,325
06 Agricultural Regional	725	192	24,987,900	139,200	0	0	139,200	139,200	0	0	139,200
07 Rural Small Holdings	725	16	2,173,500	11,600	0	0	11,600	11,600	0	0	11,600
<b>Sub-Totals</b>		1,613	75,752,050	1,240,475	0	0	1,240,475	1,245,550	0	0	1,245,550
Ex-Gratia Rates							6,905,889				6,882,706
Specified Area Rate (refer note 23)							11,749				11,400
							0				0
							6,917,638				6,894,106
Discounts (refer note 25)							0				0
<b>Totals</b>							<b>6,917,638</b>				<b>6,894,106</b>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**21. RATING INFORMATION - 2011/12 FINANCIAL YEAR**

(b) Information on Surplus/(Deficit) Brought Forward	2012 (30 June 2012 Brought Forward) \$	2012 (1 July 2011 Brought Forward) \$	2011 (30 June 2011 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 2011 Brought Forward</b>	<u>13,064,880</u>	<u>5,063,770</u>	<u>5,957,022</u>
<b><u>Comprises:</u></b>			
Cash - Unrestricted	1,575,704	1,703,929	1,703,929
Cash - Restricted Unspent Grant	12,809,562	3,176,837	3,176,837
Cash - Restricted Unspent Loan	0	879,776	879,776
Investments - Restricted Reserve	4,842,694	4,592,497	4,592,497
Rates - Current	779,274	693,570	693,570
Sundry Debtors	936,696	728,928	728,928
Provision for Doubtful Debts	(47,920)	(38,614)	(38,614)
Pensioners Rates Rebate	16,027	28,704	28,704
GST Receivable	0	278,084	278,084
Accrued Income/Prepayment	34,789	19,851	19,851
Inventories	36,733	25,749	25,749
<b>Less:</b>			
Reserves - Restricted Cash	(4,842,694)	(4,592,497)	(4,592,497)
Sundry Creditors	(1,430,952)	(1,545,720)	(1,537,189) **
Accrued Salaries and Wages	(61,286)	(63,475)	0 *
Accrued Interest on Debentures	(147,156)	(113,286)	0 *
GST Payable	(761,112)	0	0
Payroll Creditors	0	(343)	(343)
ESL Payable	(1,450)	(2,260)	(2,260)
Current portion of leave provisions	(674,029)	(707,960)	0 *
<b>Surplus/(Deficit)</b>	<u>13,064,880</u>	<u>5,063,770</u>	<u>5,957,022</u>

**Difference:**

There was a difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report.

This difference is due to a change in methodology for the calculation of the Surplus (Deficit) position. An \* has been placed adjacent to the items that have changed due to the change in methodology  
 \*\*An error in the Sundry Creditors amount (not a change in methodology) is also noted.



**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**22. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR**

The Shire of Northam did not levy any Specified Area Rate as provided for under section 6.37 of the Local Government Act 1995 during the 2011/12 financial year.

**23. SERVICE CHARGES - 2011/12 FINANCIAL YEAR**

The Shire of Northam did not levy any Service Charges as provided for under section 6.38 of the Local Government Act 1995 during the 2011/12 financial year.

**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2011/12 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate Assessment	Concession		0	0
Rate Assessment	Write-Off		0	1,000

Shire of Northam did not offer discount of rates in 2011/2012 financial year.

**25. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		71,856	75,000
Interest on Instalments Plan	5.50%		25,266	18,000
Charges on Instalment Plan		9	33,831	29,000
			130,953	122,000

Ratepayers had the option of paying rates in one instalment due on 22 September 2011, two equal instalments due on 22 September 2011 and 22 November 2011 or four equal instalments due on 22 September 2011, 22 November 2011, 23 January 2012 and 22 March 2012.

Administration Charges and interest applied to the final three instalment.

<b>26. FEES &amp; CHARGES</b>	<b>2012</b> \$	<b>2011</b> \$
Governance	1,142	17
General Purpose Funding	65,648	61,707
Law, Order, Public Safety	51,009	38,172
Health	132,580	154,282
Education and Welfare	126,066	112,981
Housing	40,811	38,627
Community Amenities	1,785,913	1,658,648
Recreation and Culture	227,482	214,892
Transport	58,192	57,998
Economic Services	419,667	447,686
Other Property and Services	237,596	29,109
	<u>3,146,106</u>	<u>2,814,119</u>

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

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**27. GRANT REVENUE**

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	6,080,008	6,593,612
Non-Operating Grants, Subsidies and Contributions	<u>10,159,165</u>	<u>6,187,986</u>
	<u><u>16,239,173</u></u>	<u><u>12,781,598</u></u>
<b>By Program:</b>		
Governance	135,992	53,695
General Purpose Funding	3,480,881	3,680,962
Law, Order, Public Safety	218,203	370,256
Health	0	0
Education and Welfare	1,138,752	2,570,311
Housing	1,762	2,014
Community Amenities	9,111,436	235,999
Recreation and Culture	464,011	1,459,559
Transport	1,404,321	1,944,633
Economic Services	94,390	909,747
Other Property and Services	<u>189,425</u>	<u>1,554,422</u>
	<u><u>16,239,173</u></u>	<u><u>12,781,598</u></u>

**28. ELECTED MEMBERS REMUNERATION**

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

	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	74,958	77,000	72,625
President's Allowance	20,000	20,000	16,000
Deputy President's Allowance	5,000	5,000	4,000
Travelling Expenses	11,573	12,000	8,447
Telecommunications Allowance	16,804	17,300	14,063
IT Allowance	<u>9,708</u>	<u>10,000</u>	<u>9,375</u>
	<u><u>138,043</u></u>	<u><u>141,300</u></u>	<u><u>124,510</u></u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	<b>2012</b>	<b>2011</b>
	<u>88</u>	<u>85</u>

**30. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2011/12 financial year

**31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**32. FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	19,227,960	10,353,039	19,227,960	10,353,039
Receivables	2,596,318	2,607,485	2,596,318	2,607,485
	<u>21,824,278</u>	<u>12,960,524</u>	<u>21,824,278</u>	<u>12,960,524</u>
<b>Financial Liabilities</b>				
Payables	2,401,956	1,725,084	2,401,956	1,725,084
Borrowings	4,995,834	4,990,998	4,506,801	4,524,806
	<u>7,397,790</u>	<u>6,716,082</u>	<u>6,908,757</u>	<u>6,249,890</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(a) Cash and Cash Equivalents**

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

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

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

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

Impact of a 1% (\*) movement in interest rates on cash and investments:

- Equity	192,280	103,530
- Statement of Comprehensive Income	192,280	103,530

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2012</b>	<b>2011</b>
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	95.72%	91.00%
- Overdue	4.28%	9.00%

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(c) Payables  
Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2012</u></b>					
Payables	2,401,956	0	0	2,401,956	2,401,956
Borrowings	<u>718,687</u>	<u>2,810,289</u>	<u>4,068,219</u>	<u>7,597,195</u>	<u>4,995,834</u>
	<u><u>3,120,643</u></u>	<u><u>2,810,289</u></u>	<u><u>4,068,219</u></u>	<u><u>9,999,151</u></u>	<u><u>7,397,790</u></u>
<b><u>2011</u></b>					
Payables	1,725,084	0	0	1,725,084	1,725,084
Borrowings	<u>700,533</u>	<u>2,700,684</u>	<u>3,997,188</u>	<u>7,398,405</u>	<u>4,990,998</u>
	<u><u>2,425,617</u></u>	<u><u>2,700,684</u></u>	<u><u>3,997,188</u></u>	<u><u>9,123,489</u></u>	<u><u>6,716,082</u></u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(c) Payables**  
**Borrowings (Continued)**

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

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

	<u>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<b><u>Year Ended 30 June 2012</u></b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures	13,975	0	0	22,726	139,496	4,819,637	4,995,834	6.12%
Weighted Average Effective Interest Rate	6.55%	0.00%	0.00%	6.12%	6.96%	6.10%		
<b><u>Year Ended 30 June 2011</u></b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures	0	40,449	0	0	27,601	4,922,948	4,990,998	6.19%
Weighted Average Effective Interest Rate	0.00%	6.55%	0.00%	0.00%	6.12%	6.18%		

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

***Report on the Financial Report***

We have audited the accompanying financial report of the Shire of Northam, which comprises the statement of financial position as at 30 June 2012, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

***Management's Responsibility for the Financial Report***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Auditor's Opinion**

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

- a giving a true and fair view of the Shire's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Cont'd.../



**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF NORTHAM (Continued)**

**Other Matters**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) 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

  
GREG GODWIN  
PARTNER

Date: 12 October 2012  
Perth, WA