

# Shire of Northam



## 2014/15 Annual Report



Shire of Northam  
*Heritage, Commerce and Lifestyle*

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## Introduction

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

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

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

Whilst the Shire of Northam has historically been considered to have a mono economy based on agriculture, its economic base has been diversifying to include tourism, retail, and manufacturing, light industrial and mineral resources, as well as an expanding service industry. The Shire of Northam maintains a significant local road network, which link to the Great Eastern Highway that joins Perth with the eastern states. The town of Northam is serviced by both freight and passenger train services, as well as a bus service link to Perth.



## Message from the President



### Vision

Our vision remains a key strategic ambition for the Shire. The vision as stated in our Corporate Business Plan is that the;

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

### Mission

Our mission as stated in our Community Strategic Plan 2012-2022 is;

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

It is with this mission in mind that the Shire has again delivered services to the community in the last financial year.

### CEO - Mr Jason Whiteaker

Jason has been with us just under 2 years now and has settled in to the role expected of him. There have been operational elements to address as we continue to develop the culture of safety, openness, accountability and respect we are seeking. Jason has a 5 year contract with us and we have annual key performance indicators in place to ensure the best possible outcomes for all Shire residents.

### Regional Centres Growth Plan (Super Towns)

Implementing the regional centre growth plan is the current phase now underway and we have a committee working on the various priorities that the plan has identified. The Avon River, town centre drainage and economic development are just 3 of the many interventions necessary for the town to continue to grow and fulfill its role as a true regional centre.

Stage 1 of the Health and Emergencies Precinct has been completed with land assembly undertaken and the Wheatbelt GP Superclinic, now known as the Wheatbelt Health Centre constructed and operating.



Avon River foreshore developments are under way with the Bernard Park water playground completed. It is a welcome addition to that area and was well used over last summer.

Investigation into dredging of the “town pool” from the Avon Bridge to the weir was initiated with the detrimental environmental effects to existing wild life becoming evident and the practicalities and cost of a complete dredge appearing to be uneconomic. The Shire has undertaken a consultation process to gauge what the residents want to see when they look at the river. Competing views range from an open expanse of water with white swans paddling along it to a vegetated island dominated river.

### **Key Projects**

The Shire had a number of priority capital works projects under way in 2014/15 including:

- Hugo Throssell VC statue – in commemoration of the 100<sup>th</sup> anniversary of World War 1 and the action in August of 1915 that saw Hugo awarded the Victoria Cross, the Shire commissioned a caricature statue of Hugo and unveiled that statue in the Avon Mall on ANZAC Day 2015. I am very pleased that we were able to commemorate the life of one of Northam’s pioneering sons in this way after so many years
- Avon Bridge – this is a Main Roads asset and has been assessed to be in poor condition. We have been working with Main Roads WA to fast track the reconstruction of the bridge but it will still be some years before the bridge is back in good operating condition given low funding opportunities.
- Wundowie storm water recovery for recycling and reuse including for the oval at Bakers Hill \$1m.
- Bakers Hill Tennis Courts refurbishment and Centenary celebration.
- Town Pool (Avon River) dredging \$275k. This project is on hold pending further community input.
- Town Pool (Avon River) improvement works \$240k – mostly aerators based. This project was put on hold pending further environmental effectiveness assessment.
- Bernard Park improvements \$530k including water playground, drainage and swan compound.
- Railway Precinct (old Railway Station) up grade \$150k – mainly car park hard stand
- Wundowie Skate Park extension \$180k
- A new project that came to the fore is an Aboriginal and Environmental Interpretive Centre. This project was identified through the Super Towns initiative and has been in the background pending sourcing construction and operational funding. The Shire was successful in securing \$2.1m from the Federal Government’s “Building Stronger Regions” fund as a 50% contribution towards a \$4.2m building construction cost, to occur on the banks of the Avon River adjacent

to the existing Northam Visitors Centre. We are looking to advance that project during 2015/16 with architectural design and construction tenders being called for.

Our usual Roads and footpaths capital works programs were budgeted to cost \$2.5m. We have placed an extra emphasis on our rural road network this year as issues arising from lower than anticipated maintenance in prior years has become more evident.

### **Councillor's**

It has been a pleasure to work with the other Councillor's over the past year to ensure the best outcomes for all residents and ratepayers across the whole Shire. Regrettably, Cr. Ray Head passed away suddenly on the 10<sup>th</sup> October, 2014 and that left a big hole in the experience of our Councillor group. Ray was a great contributor to our community over his many years as both an elected member and St. John Ambulance volunteer in earlier years. In recognition of his service and as a mark of respect, we have kept his chair in place but vacant during our Council meetings. He has been and continues to be sorely missed.

I thank each and every Councillor for their commitment to the Shire. Special thanks go again to the Deputy President of the Shire, Cr. Terry Little, who has been of great value to me in fulfilling my role of President and his own role as our Deputy.

**Cr Steve Pollard**  
**Shire President**

## Introducing our Elected Members

The next Council elections are to be held in October 2015.

### Town Ward:



Shire President  
Cr Steven Pollard



Cr Denis Beresford



Cr Ray Head



Cr Rob Tinetti

### West:



Cr Terry Little  
Deputy President



Cr Bert Llewellyn

### Central:



Cr Julie Williams



Cr Ulo Rumjantsev

### East Ward:



Cr Kathy Saunders

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### Passing of Cr Ray Head

In October 2014, The Shire of Northam farewelled Cr Ray Head who passed away suddenly on Friday, 10 October. Cr Head invested 25 years of his life as a Councillor with recent achievements including the successful merger of the Town and Shire of Northam local governments in 2007. Cr Head was a mayor of the town for 6 years from 2001 to 2007. He was an inspiration to many and will be sadly missed.

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## Message from Chief Executive Officer



It is with great pleasure that I provide a short synopsis of the 14/15 financial year from my perspective.

Firstly I would like to acknowledge the efforts of all staff at the Shire of Northam. There is no question that over the past twelve months we have continued to challenge ourselves and grow as an organisation and without the support and commitment of staff this would simply not occur. Through our growth we have been presented with many challenges which we have had to deal with, which has not always been an easy task.

The staff have much to be proud of, however a significant highlight was the financial year reflecting zero lost time injuries. Given the nature of our work and the history of the organisation this is a significant achievement, which has been ably led through our Occupational Health and Safety Committee.

Safety, health and wellbeing are a significant focus of our organisation. Safety is one of four key cultural traits we are aiming to develop, with the other being openness, accountability and respect. We are looking to utilise these traits to drive our organisation and its outcomes.

Additionally, and significantly, we have managed to take control of our staff turnover which was at an unsustainable level (in the mid 30 percent range) for a number of years. In 2013/14 we managed to reduce this to approximately 26%, while this year it was 19%. While this has been a significant outcome and a major contributor to our ability to deliver project and outcomes for the Community we are endeavouring to see a further reduction in 2015/16 to at or below 15%.

Right across the organisation we have managed to deliver on a significant amount of expectation, which has been established in our Corporate Business Plan. While we are still working toward being a more efficient and effective organisation the improvement in our delivery has been significant, which has been led by the Executive Management Team of Clinton Kleynhans, Chadd Hunt, Denise Gobbart and Ross Rayson. I would like to acknowledge their efforts and commitment.

I would also like to thank and acknowledge the Council, led by Shire President Cr Steven Pollard and deputy President Cr Terry Little. The Council provides great leadership to myself and the staff which is very much valued. We are fortunate to have a Council who is supportive and effective in their decision making which makes my task as the Chief Executive Officer a significantly easier task.

**Jason Whiteaker**  
**Chief Executive Officer**



## Introducing our Executive Staff



Mr Chadd Hunt  
Executive Manager Development Services



Ms Denise Gobbart  
Executive Manager Corporate Services



Mr Clinton Kleynhans  
Executive Manager Engineering Services



Mr Ross Rayson  
Executive Manager Community Services

## Progress against Strategic Community Plan

### Our Vision;

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

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

- **LEADERSHIP**
  - to recognise the community's expectations to provide leadership
- **RESPECT**
  - to respect differences in age, culture, values and opinion
- **TEAMWORK**
  - to achieve through the efforts of the team
- **EXCELLENCE**
  - to aspire to one standard
- **OPENNESS**
  - to engender trust through openness

### Our Mission

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

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

- **SAFE**
  - focus on importance of safety in the organisation
- **OPEN**
  - engage in two way communication, with transparency and trust
- **ACCOUNTABLE**
  - know what you are responsible for, take ownership and deliver accordingly
- **RESPECTFUL**
  - demonstrate respect for other's skills, knowledge and differing value systems

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



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

The Shire of Northam undertook an intensive and varied community engagement program between December 2011 and April 2012. Members of the public were encouraged to put forward their views, expectations and aspirations for their community heading toward 2022.

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

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

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



a) **Governance**

GOVERNANCE – KEY PERFORMANCE INDICATORS				
Performance Area	Key Performance Indicator	Formula	Target	Actual
Accountability & Leadership	Community Satisfaction with Council Communications	Biennial Community Survey (2014, 2016, 2018 etc)	75%	18% agree that the Shire of Northam has developed and communicated a clear vision for the area.
Corporate Management	Safety - Lost Time Injury Frequency Rate	Number of lost time injuries x 1,000,000 / Total hours worked	<15	0
	Staff turnover rate	Number of staff separations*/ Total number of staff (less casual and Council instigated)	<20%	19%

Organisational Capacity & Capability	Debt Servicing - This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan	Annual Operating Surplus BEFORE Interest and Depreciation / Principal and Interest	>4	7.29
	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past year's transactions	Current Assets MINUS Restricted Assets Current Liabilities MINUS Liabilities Associated with Restricted Assets	1:1 (100% or greater)	2.14:1
	Percentage of elements identified within the annual Department of Local Government Audit Return identified as being complied with by the Shire of Northam	# of Audit elements complied with x 100 / Total number Audit elements Compliance audit for the period 1st January to 31st December against the requirements of the Compliance Audit Return	≥90%	94.81





### **a.1 Review of Governance Policies**

In 2014/15, the Shire of Northam reviewed all eighteen policies related to Governance. From this review, a range of adjustments and alterations were recommended and endorsed by Council at its Ordinary Council meeting held on 20 May 2015. In some instances, there were recommendations to remove some policies in its entirety, these reasons are outlined the within the Council minutes and the Policy Manual can be viewed on the Shire of Northam's website.

### **a.2 Corporate Business Plan**

The Shire of Northam reviews its corporate business plan annually. As a result of the 2015 review the following changes / adjustments have been made;

- Adjustment to areas of responsibility/accountability resulting from staff structure adjustments and realignment
  - Removal of Special Projects Area. The planning element of special projects has been reallocated to Development Services, the 'delivery' element has been reallocated to Engineering Services
  - Communications has been moved to Community Services, from the CEO Office
  - An Engineering Design Officer has been added. This position replaces the resource lost with the removal of the Manager of Special Projects / Community Infrastructure position.
- 2018/19 year column and associated actions have been added to ensure the plan remains relevant for 5 years.
- An adjustment to risk matrix to reflect risk assessment undertaken and endorsed by Council December 2014
- Addition of actions which are to be undertaken. These are primarily areas which should have been in the plan originally but were left
  - G3.2 added action to look at adequacy of Administration Building
  - C1.7 added action to update Northam Infrastructure Plan
  - C1.7 added action to review developer contribution policy
- Provision for budget to be assigned by objective to provide a clearer understanding of where Council resources are being allocated. This is an estimate only, based on function budget areas. Will look for more detailed assessment in upcoming budget, potential at general ledger level

The current corporate plan format is the first time that the Shire of Northam has had very specific and deliverable actions identified and documented against strategic objectives. The performance over the 2014/15 year in terms of delivering on these expectations has been mixed. Sitting below



the corporate plan deliverable each department executive is required to develop an annual delivery plan which breaks down the corporate plan actions into how the annual delivery will occur.

### a.3 Communication

The Shire of Northam is continuously striving to improve its communication with the Shire of Northam communities. In order to achieve this, a number of community meetings have been scheduled throughout the Shire. It is intended that these meetings will provide an opportunity to inform and consult with the residents, business owners, community groups and industry professionals within the Shire.

The Chief Executive Officer and Executive Managers will be available one and a half hours prior to the commencement time of each meeting to allow people to ask any specific detailed questions about matters which you would normally need to come into the office to discuss.

Meeting Dates			
Where	Venue	Time	Date
Grass Valley	Grass Valley Hall	5:30pm	3 September 2015
Wundowie	Wundowie Hall	6:00pm	26 November 2015
Bakers Hill	Bakers Hill Recreation Centre	7:00pm	23 March 2016

The Shire of Northam has begun the process of developing and implementing a Communication Plan. This document will be a comprehensive Plan for the Shire which will include a communication plan for new projects and style guides. The purpose of this plan is to;

- To implement a stronger emphasis on consultation processes
- To consider the use of emerging social media trends and develop an integration plan
- To maximise communication effectiveness and to encourage community engagement.
- To maximise the use of existing and potential communications resources and technologies.
- To built transparency to the public about the Council and the Shire Administration.

### a.4 Customer Service

In 2015 the Shire undertook its biannual Community Perception Survey of the Shire of Northam community. The results of this survey were 'disappointing' however, they have provided

Council with a wonderful opportunity to analyse the outcomes and ensure it looks to address the perception issues raised. Through this survey, customer service was a priority identified, as a





result Council has implemented a process mapping system into the organisation in order to assist in improving Council's processes.

Using this system, staff have documented a process for managing the Shire's customer request, this process has proven to assist staff in receiving, managing and actioning requests with the process being regularly reviewed and improved on a monthly basis.

In 2014/15, Council received 2,390 customer service requests.

In addition to these systems and processes, Staff have developed a Customer Service Charter which details our commitment to provide quality services, in addition it includes a clear guide by which to measure our performance. The Charter also sets out guidelines for our employees to enable them to achieve a level of excellence in line with the Shire's Vision and Mission identified in our Strategic Community Plan

#### **a.5 Occupational Safety & Health**

As a consequence of the Occupational Safety & Health Audit Report undertaken by our insurers LGIS in May 2014, A Safety & Risk Management Plan has been developed to ensure that significant improvements across the organisation are made within specified deadlines.

The Safety & Risk Management Plan has been approved by the Executive team, and a number of objectives have been outlined, the responsibility of which has been allocated to the appropriate person/s for action. Safety Representatives have been elected throughout the organisation and have been assigned to carry out monthly workplace inspections. A solid OSH Committee has been established and regular meetings are held at which the Safety Risk Management plan, incidents, hazards and other topical items are monitored and discussed.

The OSH Policy has been revised and is awaiting approval at the next OSH Committee meeting to be held in November 2015. This Policy will oversee all OSH related guidelines and procedures which have now been collated, together with those related to Human Resources in the Workplace Guidelines Manual.

We have subscribed to MYOSH which is a health and safety focused database. This system is utilised by Managers and Safety Representatives to both monitor and control all aspects of our workplace health and safety initiatives. The communication of OSH related information to staff is vital, and in order ensure that everyone is kept up to date we have installed OSH noticeboards in all of our work areas. Evacuation wardens have been nominated in all work areas and have been



trained and tested in evacuation techniques. Revised evacuation plans have been drafted in preparation for the new noticeboards.

#### **a.6 Attraction & Retention of Staff**

Key employee retention and attraction is critical to the long term health and success of the Shire of Northam. The ability to attract and retain our employees ensures customer satisfaction, satisfied staff, retention of organisational knowledge and effective succession planning.

Failing to retain a key employee is costly to our organisation because apart from the cost to recruit and select a new employee, other issues such as training time and investment; lost knowledge; mourning, and possibly insecure co-workers will all have an impact on the workplace.

We have devised a strategy which involves a number of integrated factors that all need to be successfully combined to provide the most attractive combination to potential employees of the Shire of Northam. Once employed the focus should then be to retain staff for as long as possible subject of course to both parties being happy with the arrangement.

#### **a.7 Staff Development Framework**

The Shire of Northam is committed to the achievement of the goals and objectives outlined in both the Strategic Community Plan and the Corporate Plan.

This will be achieved through a continuous improvement approach driven by key organisational development strategies aimed at ensuring that the Shire meets current and future skill requirements, retains corporate knowledge and builds upon workforce capability and capacity. The Integrated Workforce Plan provides a vital resource in both achieving and maintaining these strategies.

Objectives;

The objectives of the framework are:

- \* To build capability and skill levels of staff
- \* To achieve the legislative and service delivery requirements of the Shire
- \* To acknowledge performance excellence
- \* To support the attraction and retention of employees
- \* To provide relevant professional and personal development opportunities
- \* To foster career pathways and succession planning within the Shire



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Management is committed to identifying opportunities for structured and informal training and development programs across the organisation. These opportunities will be made available to people of all ages and employment status as appropriate.

In order to measure the skills, behaviours and attitudes of employees we need to link individual performance to the goals of the business. To do this, we use 'competencies.' These are the integrated knowledge, skills, judgment, and attributes that people need to perform a job effectively. By having a defined set of competencies for each role within the organisation, it displays to employees the kind of behaviours that the organisation values, and requires to help achieve its objectives. Not only can team members work more effectively and achieve their potential, but there are many organisational benefits to be had from linking personal performance with corporate goals and values.

#### **a.8 Valuation of Properties**

As a result of the growth and change in traditional land use within the Shire of Northam, Council resolved to review the method of valuation based on land predominantly used for non-rural purposes. During the 2014/15 period properties we identified and staff began the process to put forward the proposal to change the method of valuation.



## b) Community

COMMUNITY – KEY PERFORMANCE INDICATORS				
Performance Area	Key Performance Indicator	Formula	Target	Actual
Growing, Caring and Healthy	Estimated Residential Population (ERP) of 13,700 for Northam Town SLA	According to ABS 3218.0 (measured annually)	Northam Population to be 20,000 by 2031	11,629 in 2014
Public Safety	Reduction in Crime	Reduction in reported assaults ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	<15 <20%	172 reported in 2014/15. A reduction of 15.
		Reduction in reported burglary (dwelling) ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	212 reported in 2014/15. An increase of 86.



Performance Area	Key Performance Indicator	Formula	Target	Actual
Public Safety (Cont'd)		Reduction in reported burglary (other) ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	57 reported in 2014/15. No change from 2013/14.
		Reduction in reported graffiti ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	10 reported in 2014/15. A reduction in 4.
		Reduction in reported robbery ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	4 reported robbery's in 2014/15. A reduction of 4.
		Reduction in reported motor vehicle theft ( <a href="http://www.police.wa.gov.au">http://www.police.wa.gov.au</a> )	To be determined	33 in 2014/15. An increase of 6.
	Regular Local Emergency Management Meetings	Number of meetings held annually	4	Bushfire Advisory Committee: 2 Local Emergency Management Committee: 2
Recreation Facilities	Community Satisfaction with Council provided recreational facilities	Biennial Community Survey (2014,2016,2018 etc)	TBD	67% satisfaction.



### b.1 Ranger Services

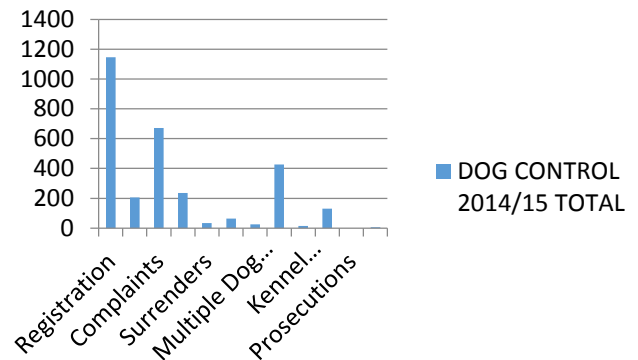
Ranger Services has had another busy year with increases in most areas of importance such as registration of animals, removal of abandoned vehicles and bushfire compliance. Complaints regarding cats has increased significantly as we endeavour to gain control of the feral/stray cat populations.

Last year we started a program to enhance/increase the swan population to make it genetically viable. I report that we had three offspring from our mating pair - 2 males and 1 female. We have been able to obtain another female from a different genetic pool. Melbourne Zoo has sent a female swan "Faith" and in return we have swapped it with the female born in Northam last year. This year we currently have two mating pairs - one has a clutch of three eggs and the other 5-6 eggs, they are due to hatch late October 2015.

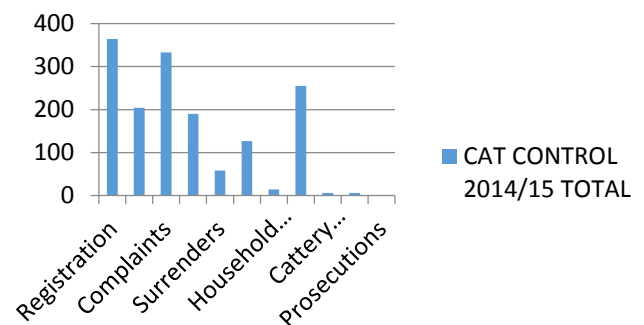


Rangers have been trapping and relocating large Western Neck Turtles from the river and re-locating them away from the water fowl breeding areas of the town pool area of the river. This will increase the chances of survival for the young as they hatch. "Swan Watch" is still strong within the community which assists Rangers to have eyes on the River.

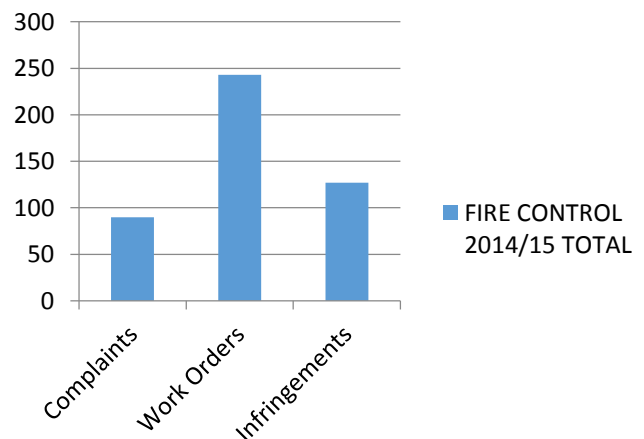
### DOG CONTROL 2014/15 TOTAL



### CAT CONTROL 2014/15 TOTAL



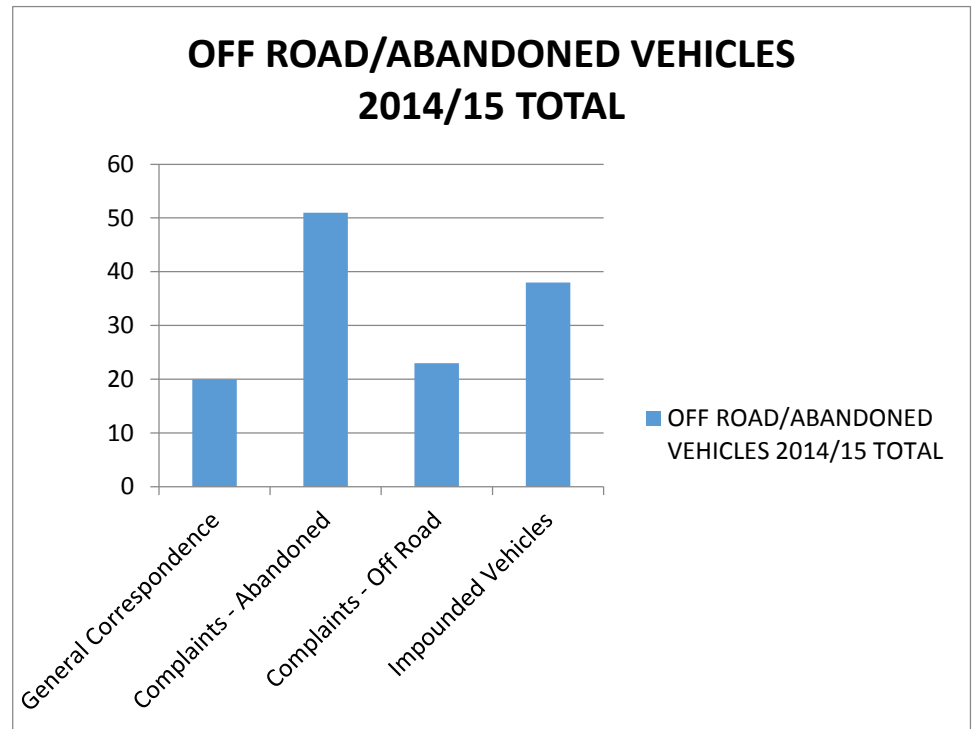
### FIRE CONTROL 2014/15





Rangers undertake routine patrols and identified targeted patrols of areas that are identified as troublesome. Currently we are in negotiation with Northam PCYC to engage with youth who are non-school attendees. This is to increase the awareness of animals and animal welfare generally amongst this core group.

Parking patrols continue, this year focused on educating drivers with pamphlets placed onto vehicles directing them to areas of free parking and highlighting the laws in relation to parking.



## b.2 Emergency Services

The 2014/2015 bushfire season was possibly the busiest Northam has seen for many years with an increase of 25% in 000 call outs for our volunteers. The Shire is extremely grateful to these men and women for their tireless dedication and support in combating not just the fires but their efforts in attracting new volunteers, educating the community and assisting with burning permits.

On a brighter note the Inkpen Volunteer Bushfire Brigade (VBFB) has received a grant through the Emergency Services Levy (ESL) to have a fire shed built to house the two fire appliances and provide a communications, training and a kitchen area. Clackline VBFB also received a grant to extend their existing shed to accommodate their Light Tanker.

The Shire has also commissioned an external contractor to evaluate all Shire property in relation to fuel loads and risk to the community, this will enable the formulation of an ongoing mitigation and fuel load reduction plan covering current needs and those 5 years into the future.

All Brigades have been allocated PPE for the 2015/2016 fire season and all vehicles have under gone their annual service. Some of our fleet is now quite old and Grass Valley brigade are currently waiting for their new 4.4 to arrive.



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There is a very urgent need for a full Risk to Resource assessment required for the entire Shire, this will enable the justification for additional appliances for possibly Bakers Hill and Clackline. I have floated the idea of forming a brigade to be based in town similar to the Toodyay Central Brigade. This will give people living in or close to town the opportunity to volunteer in a brigade that is near to where they live and will I believe assist greatly in reducing the demand on the other brigades. However to do this we need further assessments conducted to justify to DFES the need for a new Brigade.

The Northam SES has had some upgrades to their HQ and vehicles have been serviced and are ready to continue their excellent service to the community.

Training has as always been a challenge but both DFES and the Volunteers have made great efforts to be flexible in this regard and as a result many have received their certificates and the associated training.

### **b.3 Events**

The Shire of Northam coordinated a number of events throughout 2014/15 that contributed to the social wellbeing of the community and attracted thousands of visitors to the Shire. The events were all aimed to appeal to a broad spectrum of ages and interests, and included the following:

- \* Australia Day Celebrations
- \* Concerts in the Park Series
- \* Twilight Movie Series
- \* Avon River Festival
- \* Pink Ribbon Walk
- \* Dog's Day Out
- \* Northam Christmas in the Park
- \* Ladies Night – Gym and Tonic



### **b.4 Recreation Services**

Recreation Services delivered a range of new programed activities for all ages throughout the 2014/15 financial year. A range of social sports were provided at the Northam Recreation Centre after proving popular with the community in the previous year.

The Northam Recreation Centre was also enjoyed by community sporting groups all year round with sports including Basketball, Netball, Hockey, Football and Little Athletics. A playground has now been placed outside the Northam Recreation Centre which has been a great asset to the building and will be well used by the community.



## b.5 Northam & Wundowie Swimming Pool



The Northam pool has serviced the community for the last 55 years providing aquatic education, family fun and entertainment. In 2014/15 it has hosted a number of carnivals for both the sporting elite and local schools as well as in-term and vacation swimming lessons. The Northam Swimming Club also have had a busy and successful year.

With the age of the Northam Pool, it is requiring more maintenance each year. During the 2015 off season, the Northam Pool underwent a Structural Engineers Assessment to determine the best way forward.

Although the Wundowie Pool is also aging, it has been well looked after during the off season. The pool will undergo a Structural Engineers Assessment in future years.

Northam Pool and Wundowie Swimming Pool have been recognised as Waterwise Aquatic Centres by the Water Corporation and the Leisure Institute of WA Aquatics by carrying out extensive reviews of water is used at each pool and developing management plans to achieve ongoing water savings.

## b.6 Library Services

Both the Northam and Wundowie Libraries have been growing in reputation and stature throughout the year to become a hub of the community with a variety of programs, facilities, activities and events taking place each month and throughout the school holiday periods. Northam Library provides a home delivery service to housebound members with regular activities including facilities for local Book Clubs, Writing Groups, Author Talks and Story Time.

Throughout the year a selection of programs were introduced. These months also saw the introduction of the Library Intern/Volunteer program with a variety of volunteers assisting with scheduled events.



## b.7 Killara Adult Day Care & 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
- \* 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 participate in the 'Count me in Inclusion program'; run in conjunction with Recreation services. This has been very successful and will continue in the following financial year.



The Killara Day Centre continues at Wundowie with some modifications to incorporate Northam services to bring a more social aspect to their group.

Killara has had some extensive work completed this year on their building including a high grade commercial kitchen, landscaping including a large rock entrance statement and a fresh look internally.

Killara Management obtained substantial increase to respite funding to accommodate extra overnight services. The increase to funding has seen a 25% increase to available services to our community and staff time.

## **b.8 Sponsorship & Grants**

A large number of sporting and community organisations received financial support through the Shire of Northam Community Funding Program to support a wide range of projects, programs, events and activities. Funding of over \$82,538.00 was provided to a number of recipients within the Shire. In addition the Shire of Northam also provided funding of over \$33,000 to seven Progress and Community Associations to assist in the delivery of projects of their choice. Local schools and tertiary institutions



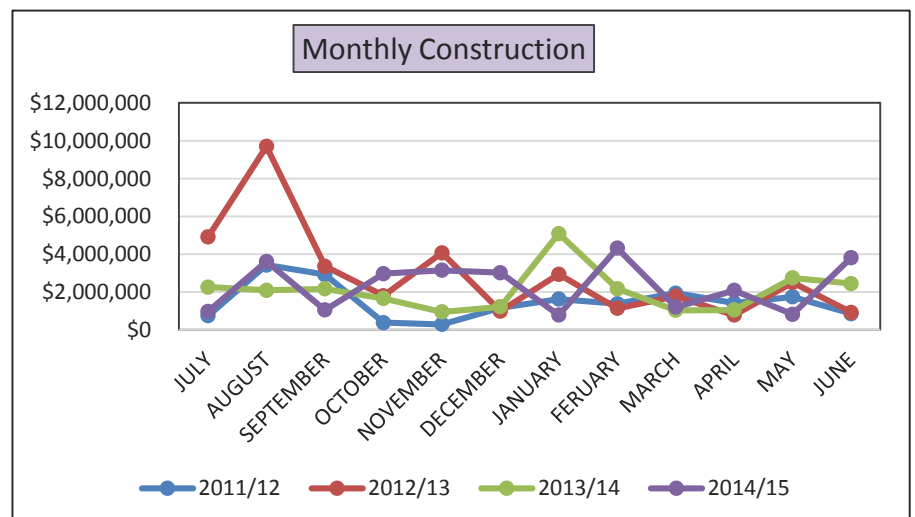
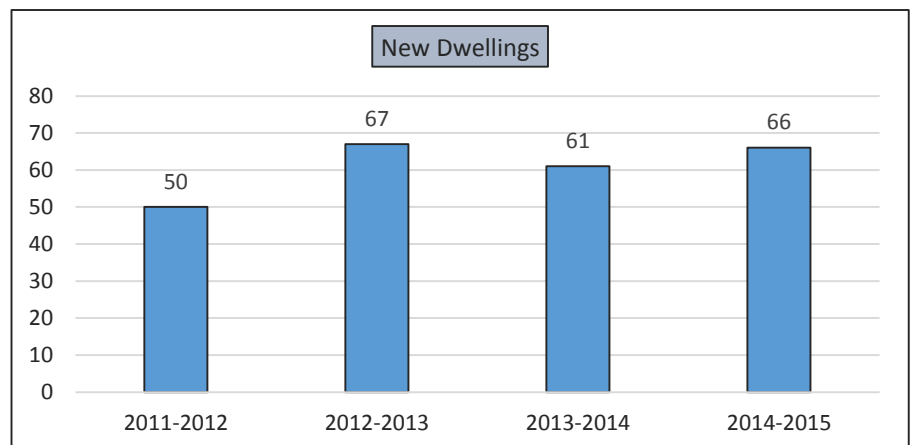
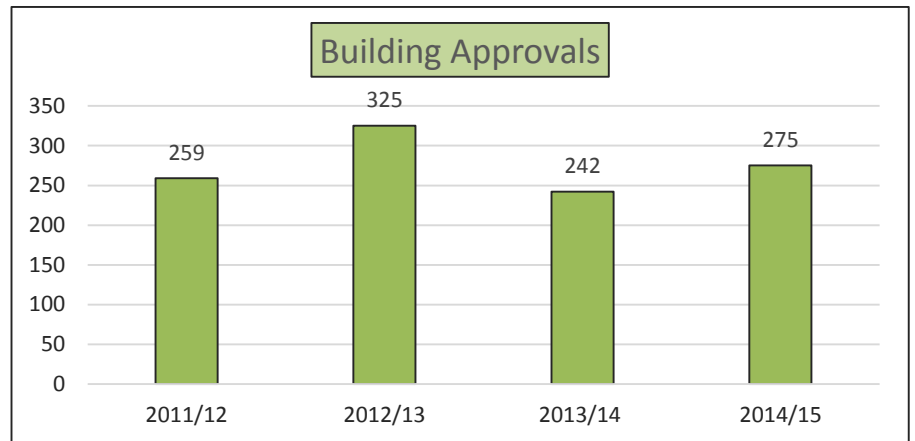
have received \$3,840 for awards and scholarships and the Chamber of Commerce has received an amount of \$60,000.

### b.9 Building Services

Building approvals (275) consisted of 66 new dwellings plus 15 grouped dwellings (1 Application) on Springfield Road, 10 Ancillary Accommodation (Granny Flat), 134 building additions & outbuildings, 15 swimming pools, 10 demolitions, 9 Occupancy Permits for commercial buildings and 30 from other categories.

There has been a small increase in the number of approved applications from last year. Some of the larger applications included the grouped dwelling development on Springfield Road and Occupancy Permits for the Mazda and Holden Car Showroom; The Church Hall on Fairway Bend; the GP Network Medical Centre; Mitsubishi Showroom and the Share and Care building.

The building department performed 128 inspections of pool fences and is continuing to ensure that all pools are inspected at least once every four years as required by legislation.





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### **b.10 Building Projects and Supervision**

The Building Department had a busy schedule maintaining the Shire's many buildings and facilities. A number of projects were completed adding amenity and value to our buildings and facilities including automatic doors on the Recreation Centre; replacement of air conditioners in the Memorial and Town Halls and the installation of solar panels on the Northam Library.

The building maintenance schedule included:

- Preparation of maintenance plans and budgets
- Many repairs due to acts of vandalism
- Tenders for projects, cleaning and preferred trades
- Regular servicing including: fire equipment, vermin baiting, exit signs, air conditioning units, white ant protection, gutter cleaning and electrical tag and testing
- Grant & Insurance claim applications and acquittals
- Security and after hours call outs

### **b.11 Significant Projects Completed include;**

#### Killara Adult Day Care Centre - Commercial Kitchen

This project was funded by a grant and included the complete replacement of the kitchen and a grease trap to meet the stringent compliance requirements of facilities suitable for the service of food. The project was completed on time and within budget with minimal disruption to the Killara staff.



#### Northam Historic Fire Station - Roof Replacement

A significant grant was obtained by the Building Department to completely replace the roof of this fine old building. A tender, including specifications was prepared and advertised. This refurbishment included working with a Heritage architect to ensure that all the heritage aspects of the building remained in accordance with Heritage Policies. The works included new tie-downs for the roof frame; replacement of any rotted or damaged timber; stormwater piping and painting of the front façade, fascia and eaves. The works were completed on time and within budget with minimum disruption to the building users.







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### Bernard Park Water Playground – Landscaping

To complement the new water playground, the Building Department completed the design and installation of the surrounding landscaping. The end result was aesthetically pleasing, accessibility compliant, on time and within budget.





**c) Economic**

ECONOMIC				
Performance Area	Key Performance Indicator	Formula	Target	Actual
Business & Investment	Unemployment Rate reduces to below WA State average	DEEWR provides statistics	Reduction	WA unemployment rate is 5.4%. Northam is 6.0%, giving a difference of 0.6% above the State average.
	Grow Labour Force Size	DEEWR provides statistics	above 2.5% pa	4.67% increase.
	Growth in number of businesses employing 50 or more workers with registered address in Northam LGA	ABS 8165.0 provided statistics	Growth	Decrease of 3 June 2014: 12
	Increase in Gross Regional Product (GRP)	ABS provided statistics (Statistics only provided for Gross State Product)	Growth	256,188. Increase of 3,189
Regional Tourism	Number of visitors to Visitor Centre	Annual visitation counts (through door)	Growth	10,271 Decrease of 7,242



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### c.1 Visitor Centre

The Northam Visitor Centre, situated on the banks of the Avon River in Minson Avenue, is open 7 days per week (except for major public holidays). The Visitor Centre is the main port of call for visitors to the Valley or people looking to find out information on relocating, accommodation, and spending the day in the area generally.



The Northam Visitor Centre has continued walking and bus tours, which consist of River Walk Cemetery Bus Tour and Historical Buildings Bus Tour; to date, our most popular tour is our Historical Buildings tour. The tours, along with the increasingly popular displays and gallery space housed in the Centre, continue to bring visitors through the door.

One new initiative we have taken on board at the Centre is the sale of train tickets for Trans WA. With the efforts put in by the Shire to assist with the promotion of the AvonLink Service, this was a logical progression for us. Ticket sales are going well, and efforts continue to ensure that usage of the service increases in the coming year.

Visitor numbers have been down by around 7,000 this year, but sales have increased by around \$11,000 (a portion of which is due to an AVAS art launch day, where a number of paintings were



sold). We have also introduced a great deal of new stock to the Centre, which is well received by Tourists.

The Centre has been without our own website since July 2012 and is looking forward to a web presence once the new web page is finalised. This is now well underway, and we are hoping for completion in the coming financial year. In addition to this, we have created the brand #visitnortham, and now have a presence on both Facebook and Instagram- both accounts with increasing popularity. This has been greatly aided by both local events, and new tourism initiatives, such as the painting of the CBH grain silos.

The Visitor Centre has undergone some minor changes in this financial year, including a number of new staff, and the inclusion of the Shire Events department under our umbrella of responsibility. This adjustment has been of great benefit to the Shire's events and tourism programmes, and staff are enjoying working in the varied and challenging world of events. Over the next 12 months, we will be focussing heavily on customer service, compliance, and increased tourism awareness of Northam as a destination.

The Visitor Centre would like to thank the Shire of Northam Council for their continued support and feel that the Visitor Centre is an integral part of the overall community service to Northam.



d) **Natural Environment**

NATURAL ENVIRONMENT				
Performance Area	Key Performance Indicator	Formula	Target	Actual
Waste Management	Waste diverted from landfill	Percentage of		Kerbside Recycling tonnes collected (minus 20% waste products) = 951 tonnes (times 1,000 to convert to kg), divided by Shire population 11,629 persons (minus 20% population not on service) 9,303 persons = 102kg per person per year.
Natural Environment	Decrease in nutrients and sediments within Town Pool	Water sampling (Dept of Water)	Having a healthy town pool. Having a full town pool	Not available.
Water Resources	Decrease in annual Council water consumption	Comparison of water used from June to June.	Reduction	Sept 2012 – August 2013 = 64,837 kl Sept 2013 – August 2014 = 74,738 kl Sept 2014 – August 2015 = 76,909 kl

## d.1 Health

Premises within the Shire that require licensing and ongoing monitoring for compliance include:

- \* Lodging Houses
- \* Food Businesses
- \* Offensive Trades
- \* Stables
- \* Public Buildings and Events
- \* Caravan Parks

Additionally, a number of other permits are issued such as 112 Stallholder Permits in accordance with Council's Local Law and 24 Event Permits in accordance with the Health (Public Buildings) Regulations 1992. Some of the events included Tough Mudder, Avon Descent, Northam Agricultural Show, Rotary Team Challenge, Kep Ultra Marathon, Wundowie Iron Festival and the Flying 50's.

There are 90 Food Businesses registered under the Food Act 2008 in the Shire. All food businesses are inspected by the Shire's Environmental Health Officers (EHO's) and although the majority are of a good standard some did require further attention.

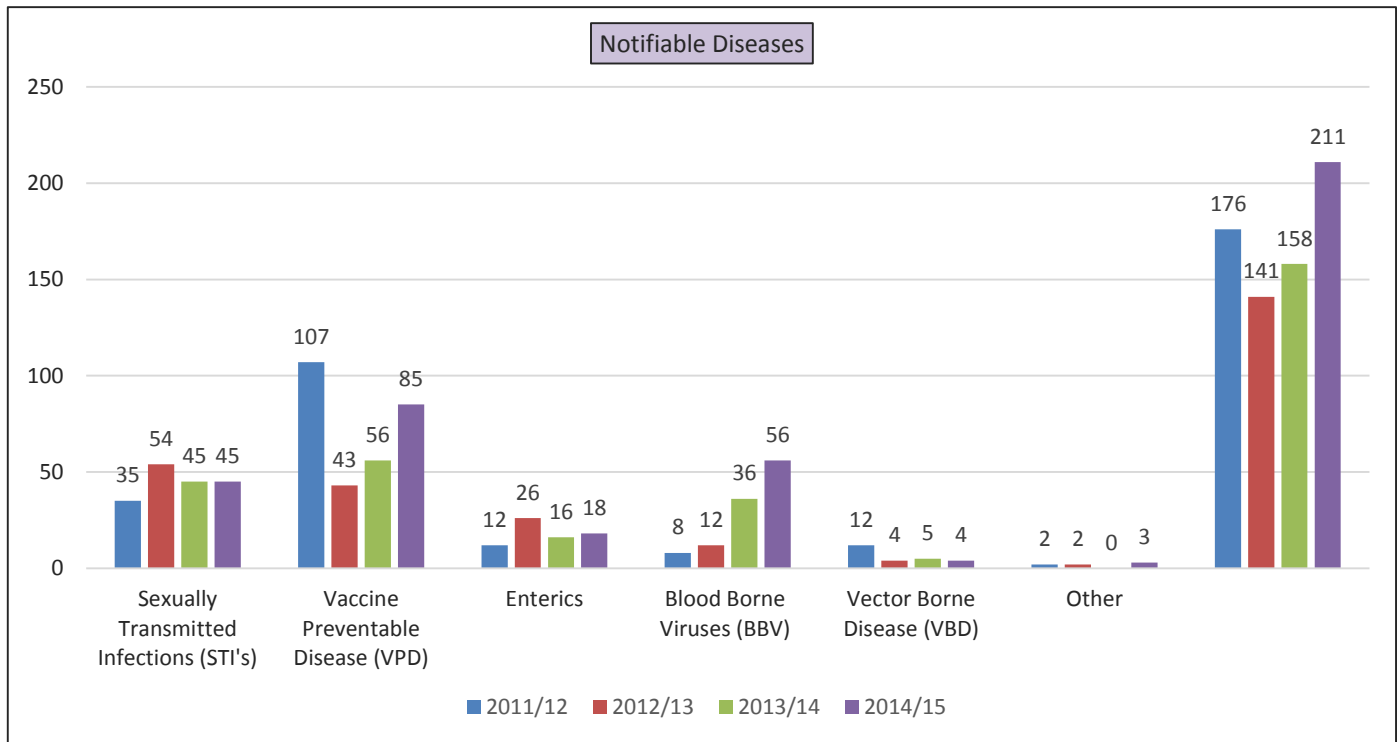
Repair or removal of dilapidated buildings and the clean-up of untidy yards has been a focus of the Health section in order to improve the amenity of the town site. Owners are firstly given written advice in relation to the property to give them the opportunity to voluntarily comply and most people undertake the required work at this stage. Non-compliance will result in legal notices being issued under the Health Act 1911.

There were 46 approvals issued for the installation of new effluent disposal systems and 32 permits to use were issued. Plans and prior approval are required for new systems and a Permit to Use is issued once the system is installed.

Water quality sampling of public swimming pools, the water playground and recycled effluent water is conducted monthly during the summer months by the Shire's Environmental Health Officers. The samples are sent for analysis to the Path Centre Waters Laboratory in Perth to gauge compliance with the Health (Aquatic Facility) Regulations 2007. 108 Public pool water samples were submitted for testing in 2014/15 and 66 recycled water samples and all indicated satisfactory results in line with the Department of Health's guidelines.



The Health Department of Western Australia has reported to the Shire of Northam 211 Notifiable Diseases for the year 2014/2015. These results indicate a significant increase from last year of 29 Vaccine Preventable Diseases (VPD) and an increase of 20 cases of Blood Borne Viruses (BBV) - (Yongah Hill is included in these statistics). VPD's in general include Pertussis, Rubella, TB, Tetanus, Mumps, Measles, Polio and BBV's in general are Hep B, Hep C and HIV. There were 68 influenza notifications of which 60 were in the latter half of 2014 and 35 were caused by the H1N1 sub Type (Swine Flu). Two Dengue Fever cases were notified but were acquired overseas (i.e.: not from mosquitos in WA). A Legionella case, Longbeachae Species associated with potting mix was also reported.



## d.2 Waste Management

Approximately 23,700 and 3,500 tonnes of waste material were received at the Old Quarry Road and Inkpen Road Waste Management Facilities respectively, for the 2014/2015 financial year.

Of the 23,700 tonnes of waste material received at the Old Quarry Road Waste Management Facility, approximately 14,470 tonnes of waste was landfilled, with the balance recycled, which included green waste, waste oil, tyres, car batteries, scrap metal and E-waste.

All green waste at the site was stockpiled and seasoned for future mulching as this year there was mulch leftover which was made available by the trailer load, free to all Shire of Northam households.

Monitoring of groundwater at the Old Quarry Road Waste Management Facility was undertaken in September 2014 and March 2015 as required under the licence issued by the Department of Environment Regulation for the site. The results were acceptable to the Department of Environment Regulation.

The Old Quarry Road site had further development of the landfill cell with digging undertaken by contractors to increase the cell's capacity, with a volumetric survey undertaken on completion. Due to granite surrounding the valley landfill and the height of the water table future excavation will be limited for the next few years until the landfill reaches further back on the site.

A fifth septage pond was installed at the back of the Old Quarry Road Waste Management site directly below pond 4. The new pond 5 will assist in taking the large volumes of liquid waste the Shire is receiving from liquid waste contractors from Northam and the surrounding areas. This pond will eventually enable a 4 pond on, 1 pond off rotation system, which will mean 1 pond can be dried, emptied and relined every 5-7 years whilst the other 4 are in use.



The Inkpen Road Waste Management Facility has for a fourth year running constructed a new waste cell in accordance with the site management plan. Development of the site following the management plan is invaluable in utilizing the site to its maximum capacity and prolonging the years it will be available to the community.

The free Bulk Bin Collection Service for the Northam town site was utilized to their maximum capacity with approximately 620 properties utilising these bins. Similarly, the biannual Bulk Regional Skip Bins located at Southern Brook, Grass Valley, Muluckine, Spencers Brook, Clackline, Bakers Hill and Wundowie, for the collection of household hardwaste was well utilised by Shire residents with extra emptying of the bins required in almost all location.

The Shire of Northam E-waste collection at the Old Quarry Road Waste Management Facility which has been well supported by the public. Approximately (28) tonnes of E-waste were collected for recycling.



Almost 700 vehicle tyres of various sizes, approximately 724 tonnes of scrap metal and approximately 12 tonnes of vehicle batteries were diverted from the landfills at Old Quarry Road and Inkpen Road Waste Management Facilities in 2014/2015, and sent away for recycling.

The Shire's oil receival facilities at the Old Quarry Road and Inkpen Landfill Sites have allowed members of the public to dispose of used oil from residential activities. Waste oil is re-refined for reuse after removal from the site. Approximately 30,000L of waste oil was received and collected for recycling in 2014/2015.

The Shire of Northam, in conjunction with DrumMuster recycled 3,243 chemical containers during the 2014/2015 Financial Year. The number of containers is significantly down on previous years due to late rains prior to the March 2015 collection and therefore less weeds were required to be sprayed. Further to this some of these containers are now reusable/refillable and therefore less are required to be recycled.

With the successful introduction of Kerbside Recycling to the Shire of Northam approximately 1,211 tonnes of recyclables were collected from the kerbside service along with 46.8 tonnes from the recycling drop-off points at Old Quarry Road and Inkpen Road Waste Management Facilities. All 1257.8 tonnes of recyclables were transported to the Southern Metropolitan Regional Council (SMRC) for processing, with an 85% recyclable recovery rate.

The Shire of Northam organised with consultant Ian Watkins from IW Projects the development of a Strategic Waste Management Plan for the Avon Group of Regional Councils (AROC).

The plan is designed to facilitate strategic waste management activities at a regional level and is necessary to partake in any funding opportunities from the Waste Authority of Western Australia. Finalisation and adoption of the plan will occur in 2015/2016.

### **d3 Bio Diversity strategy**

The Shire of Northam endorsed at its Ordinary Council meeting held on 15 April 2015 to undertake public advertising for the draft Local Biodiversity Strategy. At conclusion of this period, consideration and a review would be undertaken based on comments received during the advertising period.

The Strategy outlines key actions to be implemented over the next 5 years that will enable achievement of the vision for biodiversity conservation and contribute to the achievement of the Shire of Northam's corporate vision. The Strategy contains information that can be used by the Shire of Northam and other relevant stakeholders to inform land use planning to facilitate sustainable development, protect environmental assets and identify priority areas for restoration, utilising offset requirements or external grant opportunities.

### **d4 River Revitalisation**

The Shire of Northam was allocated funding as part of the Regional Growth Centres (Supertowns) initiative to undertake a feasibility study for additional water supplies to the Avon Town Pool and the detailed design of the preferred option from these investigations. This was funded under the Avon River Revitalisation and Riverfront Development (Stage 1) business case.

The Regional Centres Implementation Committee, and subsequently Council, have been working on identifying the most appropriate methodology for the future management and ongoing maintenance of the Northam Town Pool section of the Avon River.



A Component of the Avon River Revitalisation and Riverfront Redevelopment (Stage 1) Business Case was the proposed development of the Aboriginal and Environmental Interpretative Centre which is proposed to be located adjacent to the existing Northam Visitor Centre. The Centre has received \$2.1m in Federal Funding, and other funding options are being investigated. Council staff have been working through a range of different elements for this development and it is envisaged that the project will be delivered on a design and then construction basis. In addition, staff have liaised with potential interest groups such as Museums WA the local Aboriginal Community to assist in identifying opportunities for strong aboriginal engagement.



**e) Infrastructure & Resources**

INFRASTRUCTURE & RESOURCES				
Performance Area	Key Performance Indicator	Formula	Target	Actual
Effective and efficient transport network	Asset consumption ratio (ACR)	Depreciated replacement cost of assets (written down value) divided by current replacement costs of depreciable assets.	60%	92%
	Asset sustainability ratio (ASR)	Capital expenditure on replacement or renewal of assets divided by the depreciation expense	90%	73%
	Asset renewal funding ratio	Net present value of planned capital expenditure based on current Departmental guidance on renewals over ten years divided by the net present value of the required capital expenditures on renewals over the same period.	95%	99%



### e.1 Managing our Assets

Engineering Services is responsible for the maintenance of various assets within the Shire including roads, footpaths, verges, bridges, drainage, non-regulatory signs and road line marking, parking facilities, laneways, parks, public open spaces, reserves, airport, cemetery and the Shire’s plant and vehicles.

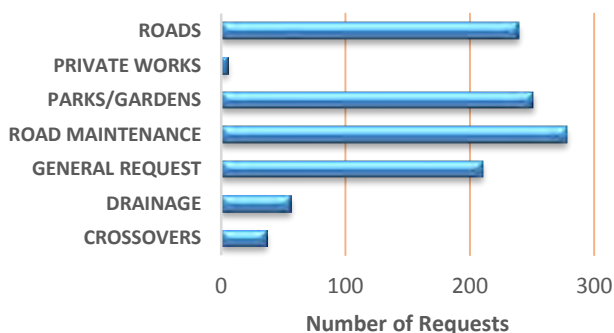
The major asset classes can be fined as the following:

Roads	758 km
Drainage	1538 km
Footpaths	47 km
Bridges	29 off
Parks	19 off
Verges	1516 km

The challenge faced by the Shire is the increasing number of assets inherited by developers which require ongoing inspection, maintenance, repair and upgrade in order to maintain the asset at an acceptable standard over its continual lifecycle.

In addition to programmed construction and maintenance works Engineering Services received approximately 1075 public works requests categorized in the following fields:

**Public Work Requests**



### e.2 Road Network Improvements

A total of \$2.2 Million was spent on road network improvements in 2014/2015 which included gravel re-sheet, spray seal and asphalt overlays programs.

Included in these figures were State and Federal funded projects for the widening of Jennapullin Road and Southern Brook Road in Grass Valley, and upgrading of Mitchell Ave / Newcastle Road intersection in Northam.

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**A total of 17.5 kilometres of road network was upgraded within the Shire of Northam.**

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### **Drainage**

Major drainage upgrade projects completed throughout the Shire included Northam Town Site Drainage Improvements – Stage 1 (\$267,000), Wundowie Stormwater Harvesting Project (\$303,000) and Wundowie Town Site Drainage Improvements Stage 1 (\$397,000)

### **Footpaths**

Footpath construction works are programmed in accordance with The Shire of Northam's Local Bike Plan endorsed by Council in 2012.

The Plan provides a long term strategy targeting connectivity between schools, recreational facilities as well as extension of existing shared use paths to create continuous travel routes.

A total of \$423,885 was expended on construction and maintenance of footpaths within the Shire. This delivered an additional 1.5km of new footpaths across numerous precincts, locations include:

- Hovea Crescent, Wundowie
- Byfield Street, Northam
- Peel Terrace, Northam
- Stirling Street, Northam (Shared Use Path)
- Kennedy Street, Northam (Shared Use Path)
- Jessup Terrace, Northam

### **Parks & Playground Improvements**

A total of \$377,000 has been injected into the development and upgrade of various parks throughout the Shire including the installation of

**f) Public Realm and Built Environment**

PUBLIC REALM & BUILT ENVIRONMENT				
Performance Area	Key Performance Indicator	Formula	Target	Actual
Development Opportunities	Current local Planning Scheme in place	Age of Planning scheme	Reviewed every 4 years or less	Last reviewed on August 2013
	Current local Planning Strategy in place	Age of Planning strategy	Reviewed every 4 years or less	Last reviewed on August 2013

### **f.1 Statutory Planning**

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

The new Scheme, and local planning policies adopted to reflect the intent of the new Scheme, has operated satisfactorily over the 2014/15 financial year. Council has also adopted 2 new local planning policies namely Local Planning Policy No. 16 – Advertising Signage and Local Planning Policy No. 17 - Avon Industrial Park Design Guidelines. In addition to the above new Policies, Council has also undertaken a comprehensive review of Local Planning Policy No. 1 – Outbuildings.

### **f.2 Subdivisions**

During the 2014/15 financial year, the Planning Services department responded to a total of 9 subdivision referrals from the Western Australian Planning Commission. A total of 27 new lots were created including 1 amalgamation.

With respect to requests for clearance of conditions of subdivision approval, the Shire has considered and cleared conditions for 14 different subdivisions during the 2014/15 financial year.

2 large Rural Residential subdivisions are currently under construction, further to the approvals granted in 2013/14;

- Lot 2 Oyston Road named 'Wandoo Valley' which has created 14 Rural Residential Lots. Stage 1 of the Rural Residential subdivision granted approval in 2013/14 on Lots 2 & 3 Golf Links Road, named 'Mauravillo' has been completed with construction of several dwellings currently underway.

### **f.3 Developments**

A total of 100 development determinations were issued during the 2014/15 financial year, including approvals processed under delegated authority and Council decisions at its ordinary meetings, down from 126 determinations issued during the 2013/14 financial year.

### **f.4 Scheme amendments**

During the 2013/14 financial year one scheme amendment (Amendment No.1) to Local Planning Scheme No 6 was gazetted and finalised. Amendment No.1 sought to apply a zoning of "Mixed Use" to No. 9 (Lot 11) John Street, Northam.

Council initiated Amendment No. 2 to Local Planning Scheme No 6 in February 2015. Amendment No. 2 seeks to reclassify Reserve 3745 on Lot 402 East Street, Northam from Parks & Recreation to Residential R20.

Council also initiated Amendment No. 3 to Local Planning Scheme No 6 in March 2015, seeking to rezone Lots 56, 57 and 58 Lunt Street, Northam from Rural Residential to 'Special' for the purpose of an Airpark.

#### **f.5 Strategic Planning**

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



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## Awards and Recognition

### Australia Day Awards

On Australia Day Brian French, Trish Hamilton and Australia Sings Choir were awarded the Premiers Australia Day Active Citizenship Award to recognise and thank them for investing their time and effort into our community.

### Citizenship Ceremonies

The Shire of Northam held four (4) Citizenship Ceremonies over the 2014/15 period with 24 candidates receiving their Australian Citizenship.

### WA Heritage Awards

The Shire of Northam was a finalist in the WA Heritage Awards and was placed as a runner up in the category 'Heritage Practices by a Local Government' in April 2015. The WA Heritage Awards honour the leading contributors to heritage conservation and promotion in Western Australia. The Shire of Northam has the third highest number of places listed in the State Register of Heritage Places, with 28 places now on the register after the recent additions of Fermoy House, the former Northam Girl's School and former Northam Fire Station were added to the register in the 2014-15 financial year. The award reflects the Shire's motto 'Heritage, Commerce and Lifestyle' and the Shire's commitment to identifying and conserving key heritage assets.



### Volunteers

The Shire of Northam would like to thank all volunteers over the 2014/15 period. Their contribution plays an important role to the organisation and adds significant value to the Shire community.



## Grant Funding

Date Granted	Funding Body	Category	Name of Project	Officer	Amount Received
01/07/2014	Lotterywest		Avon Descent	V Jones	\$27,000.00
01/07/2014	Department of Sport & Recreation	People Development	Club Development Officer Year 1	M Worthington	\$20,000.00
01/07/2014	Department of Sport & Recreation		Sport 4 All - Kidsport	M Worthington	\$65,000.00
29/07/2014	Lotterywest	Building Adds & Renovations	Conservation of Roof at Old Northam Fire Station	N Gouth	\$95,000.00
17/09/2014	Govt of WA Road Safety	Road Safety	Bakers Hill Community Safety Day	J Hansen	\$620.00
17/12/2014	Lotterywest	Outdoor Community Facility	Wundowie Skatepark App 421006783	R Rayson	\$49,766.00
17/12/2014	Department of Sport & Recreation	CSRFF	Wundowie Skatepark Ref WBELT C08157	R Rayson	\$49,766.00
03/12/2014	Department of Local Government & Communities	NYW Grant Program	National Youth Week	V Jones	\$985.00

## Statutory Reports

### Disability Access & Inclusion

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

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

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

### Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the Shire is required to publish an information statement annually which details the process of applying for information under the Act, as well as information that the Shire provides outside the Act. This document is available from the Shire of Northam

Administration Centre or the website.

During 2014/15 the Shire processed nine (9) Freedom of Information applications. 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 Nation Competition Policy statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

## Competitive Neutrality

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

## Register of Complaints

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

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

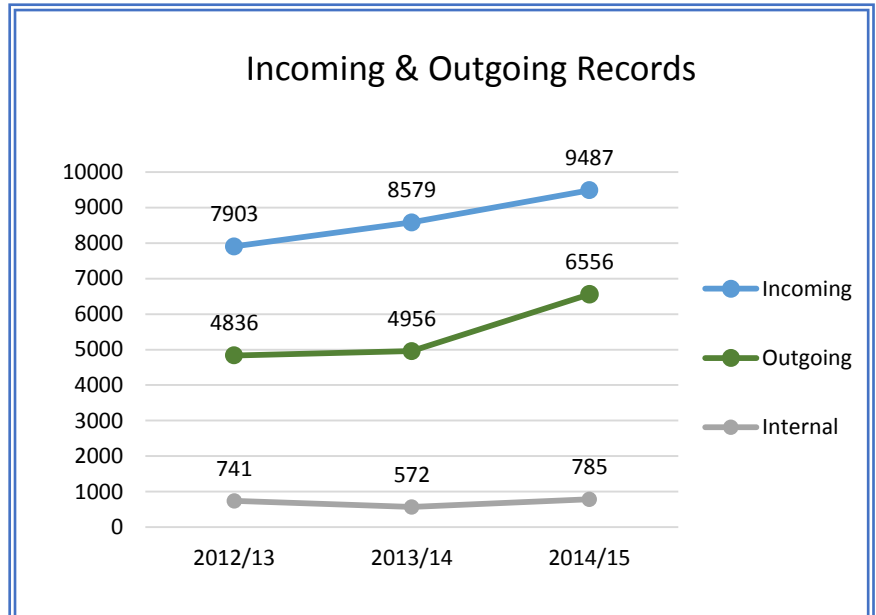
- Name of Council Member;
- About whom the complaint is made;
- Name of the person who makes the complaint;
- A description of the minor breach that the standards panel finds has occurred; and
- Details of the action taken under LGA s5.110 (6)(b) or (c)

During the 2014/15 financial year there have been no complaints recorded that resulted in an action under LGA s5.110 (6) (b) or (c).

## Records Management

In accordance with Section 19 of the State Records Act 2000, Local Governments are required under Section 19 to have a Record Keeping Plan that is approved by the State Records Commission (SRC). The purpose of the plan is to provide an accurate reflection of the record keeping program in the organisation, including information regarding the organisation's record keeping system, disposal arrangements, policies, practices and processes.

The Shire is required to ensure records are created, managed and maintained over time and disposed of in accordance with principles and standards issued by the SRC. The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice record keeping in the organisation. The Shire of Northam's Record Keeping Plan is reviewed and evaluated at least once every five years for efficiency and effectiveness of the organisation's



record keeping systems. Shire's Record Keeping Plan was reviewed and approved by the State Records Commission on 2 August 2013. The Record Keeping Plan must be submitted to the State Records Commission for the next review prior to 2 August 2018.

The Council's electronic record management system is evaluated and monitored on an ongoing basis to ensure compliance with the State Records Act and to continually improve its effectiveness and quality of records. In 2014/15 investigations were undertaken in respect to the reviewing the processes of registering electronic mail. Through this, all staff have been provided access to independently register electronic mail from their workstations which will see improvements in work practices and overall efficiencies.

## 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.

## Employee 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	1
\$110,000 - \$119,000	1
\$120,000 - \$129,000	1
\$130,000 - \$139,000	1
\$140,000 - \$149,000	1
\$150,000 - \$159,000	
\$160,000 - \$169,000	
\$170,000 - \$179,000	
\$180,000 - \$189,000	
\$190,000 - \$199,000	
\$200,000 - \$209,000	1





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Heritage, Commerce and Lifestyle

# Financial Report

## SHIRE OF NORTHAM

### FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2015

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Principal place of business:  
395 Fitzgerald Street  
NORTHAM WA 6401



Shire of Northam  
Heritage, Commerce and Lifestyle

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**SHIRE OF NORTHAM  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 20<sup>th</sup> day of November 2015



Jason B Whiteaker  
Chief Executive Officer

**SHIRE OF NORTHAM  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	22	8,281,186	8,268,233	7,826,137
Operating grants, subsidies and contributions	28	6,940,731	4,793,290	3,285,739
Fees and charges	27	3,772,076	3,593,730	3,527,216
Interest earnings	2(a)	422,135	431,322	488,633
Other revenue	2(a)	1,058,605	705,085	848,602
		<u>20,474,733</u>	<u>17,791,660</u>	<u>15,976,327</u>
<b>Expenses</b>				
Employee costs		(7,016,776)	(7,256,734)	(6,618,247)
Materials and contracts		(5,353,675)	(6,763,529)	(5,632,929)
Utility charges		(730,325)	(741,893)	(724,690)
Depreciation on non-current assets	2(a)	(3,540,043)	(3,475,533)	(3,460,111)
Interest expenses	2(a)	(188,977)	(279,681)	(272,851)
Insurance expenses		(542,796)	(540,395)	(599,509)
Other expenditure		(775,790)	(277,706)	(117,344)
		<u>(18,148,382)</u>	<u>(19,335,471)</u>	<u>(17,425,681)</u>
		2,326,351	(1,543,811)	(1,449,354)
Non-operating grants, subsidies and contributions	28	3,383,030	3,725,794	2,332,010
Loss on revaluation of fixed assets	2(a)	(2,553,874)	0	0
Profit on asset disposals	20	19,433	189,915	9,751
Loss on asset disposals	20	(35,080)	(56,148)	(91,077)
		<u>3,139,860</u>	<u>2,315,750</u>	<u>801,330</u>
<b>Net result</b>				
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	173,189,563	0	28,668,366
		<u>173,189,563</u>	<u>0</u>	<u>28,668,366</u>
<b>Total other comprehensive income</b>		<u>173,189,563</u>	<u>0</u>	<u>28,668,366</u>
<b>Total comprehensive income</b>		<u><u>176,329,423</u></u>	<u><u>2,315,750</u></u>	<u><u>29,469,696</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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>	2(a)			
Governance		99,624	19,200	38,666
General purpose funding		13,862,638	12,158,520	10,081,279
Law, order, public safety		431,881	283,221	345,938
Health		38,907	45,000	36,897
Education and welfare		1,233,363	1,203,006	1,253,330
Housing		44,286	48,431	33,538
Community amenities		2,567,357	2,440,982	2,656,067
Recreation and culture		719,643	525,230	395,843
Transport		677,455	452,705	446,905
Economic services		721,380	546,365	579,543
Other property and services		78,199	69,000	108,321
		<u>20,474,733</u>	<u>17,791,660</u>	<u>15,976,327</u>
<b>Expenses</b>	2(a)			
Governance		(1,138,000)	(1,377,841)	(824,446)
General purpose funding		(365,812)	(257,850)	(238,116)
Law, order, public safety		(1,087,825)	(1,141,830)	(1,058,189)
Health		(369,406)	(357,480)	(436,018)
Education and welfare		(1,376,796)	(1,375,344)	(1,399,084)
Housing		(102,994)	(94,569)	(76,820)
Community amenities		(3,021,469)	(3,580,937)	(3,135,039)
Recreation and culture		(3,876,825)	(3,991,708)	(3,401,963)
Transport		(4,615,122)	(4,900,208)	(4,611,647)
Economic services		(1,794,975)	(1,911,650)	(1,892,488)
Other property and services		(210,181)	(66,373)	(79,020)
		<u>(17,959,405)</u>	<u>(19,055,790)</u>	<u>(17,152,830)</u>
<b>Finance costs</b>	2(a)			
Governance		(1,980)	(6,758)	(7,290)
Community amenities		(189)	(346)	(843)
Recreation and culture		(117,427)	(162,502)	(159,196)
Transport		(2,796)	(2,925)	(3,528)
Economic services		(66,585)	(107,150)	(101,994)
		<u>(188,977)</u>	<u>(279,681)</u>	<u>(272,851)</u>
<b>Non-operating grants, subsidies and contributions</b>				
General purpose funding		783,124	750,000	0
Law, order, public safety		0	460,000	251,461
Education and welfare		0	30,000	950,000
Community amenities		1,027,386	0	0
Recreation and culture		0	402,200	169,931
Transport		774,616	1,036,689	606,068
Economic services		797,904	1,046,905	354,550
	28	<u>3,383,030</u>	<u>3,725,794</u>	<u>2,332,010</u>
<b>Profit/(Loss) on disposal of assets</b>				
Governance		0	0	242
Law, order, public safety		0	0	(16,034)
Health		(6,052)	(4,480)	0
Education and welfare		0	0	(14,500)
Recreation and culture		3,311	171,430	(3,637)
Transport		(21,497)	(33,183)	(45,737)
Economic services		8,591	0	(1,660)
	20	<u>(15,647)</u>	<u>133,767</u>	<u>(81,326)</u>
<b>Net result</b>		<u>3,139,860</u>	<u>2,315,750</u>	<u>801,330</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	173,189,563	0	28,668,366
<b>Total other comprehensive income</b>		<u>173,189,563</u>	<u>0</u>	<u>28,668,366</u>
<b>Total comprehensive income</b>		<u>176,329,423</u>	<u>2,315,750</u>	<u>29,469,696</u>

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



**SHIRE OF NORTHAM  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	11,385,434	9,223,454
Trade and other receivables	4	2,522,248	1,985,652
Inventories	5	45,722	85,506
<b>TOTAL CURRENT ASSETS</b>		<u>13,953,404</u>	<u>11,294,612</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	400,037	440,865
Property, plant and equipment	6	56,526,174	57,493,285
Infrastructure	7	220,425,728	47,717,041
<b>TOTAL NON-CURRENT ASSETS</b>		<u>277,351,939</u>	<u>105,651,191</u>
<b>TOTAL ASSETS</b>		<u>291,305,343</u>	<u>116,945,803</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,575,481	2,111,129
Current portion of long term borrowings	9	210,153	592,668
Provisions	10	855,438	741,849
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,641,072</u>	<u>3,445,646</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	2,301,760	3,498,001
Provisions	10	158,484	127,552
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,460,244</u>	<u>3,625,553</u>
<b>TOTAL LIABILITIES</b>		<u>5,101,316</u>	<u>7,071,199</u>
<b>NET ASSETS</b>		<u>286,204,027</u>	<u>109,874,604</u>
<b>EQUITY</b>			
Retained surplus		77,362,210	75,533,694
Reserves - cash backed	11	6,159,523	4,848,179
Revaluation surplus	12	202,682,294	29,492,731
<b>TOTAL EQUITY</b>		<u>286,204,027</u>	<u>109,874,604</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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		<b>75,054,696</b>	<b>4,525,847</b>	<b>824,365</b>	<b>80,404,908</b>
Comprehensive income					
Net result		801,330	0	0	801,330
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>28,668,366</u>	<u>28,668,366</u>
Total comprehensive income		801,330	0	28,668,366	29,469,696
Transfers from/(to) reserves		(322,332)	322,332	0	0
<b>Balance as at 30 June 2014</b>		<b>75,533,694</b>	<b>4,848,179</b>	<b>29,492,731</b>	<b>109,874,604</b>
Comprehensive income					
Net result		3,139,860	0		3,139,860
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>173,189,563</u>	<u>173,189,563</u>
Total comprehensive income		3,139,860	0	173,189,563	176,329,423
Transfers from/(to) reserves		(1,311,344)	1,311,344	0	0
<b>Balance as at 30 June 2015</b>		<b><u>77,362,210</u></b>	<b><u>6,159,523</u></b>	<b><u>202,682,294</u></b>	<b><u>286,204,027</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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		8,135,219	8,218,233	7,651,660
Operating grants, subsidies and contributions		6,552,055	4,793,290	3,115,362
Fees and charges		3,772,076	3,553,730	3,416,418
Interest earnings		422,135	423,515	508,583
Goods and services tax		927,189	300,000	534,701
Other revenue		818,310	679,130	810,987
		<u>20,626,984</u>	<u>17,967,898</u>	<u>16,037,711</u>
<b>Payments</b>				
Employee costs		(6,699,110)	(7,295,734)	(6,552,040)
Materials and contracts		(6,017,208)	(6,793,529)	(5,210,397)
Utility charges		(730,325)	(756,893)	(679,033)
Interest expenses		(203,998)	(284,727)	(278,447)
Insurance expenses		(542,796)	(540,395)	(599,509)
Goods and services tax		(1,102,883)	(300,000)	(532,701)
Other expenditure		(775,790)	(307,706)	(61,656)
		<u>(16,072,110)</u>	<u>(16,278,984)</u>	<u>(13,913,783)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>4,554,874</u>	<u>1,688,914</u>	<u>2,123,928</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds on disposal of Land held for resale		249,839	0	0
Payments for purchase of property, plant & equipment		(818,653)	(2,225,253)	(2,074,222)
Payments for construction of infrastructure		(4,281,870)	(5,928,299)	(6,687,727)
Non-operating grants, Subsidies and contributions		3,383,030	3,725,794	2,332,010
Proceeds from sale of fixed assets		438,946	433,443	344,980
<b>Net cash provided by (used in) investment activities</b>		<u>(1,028,708)</u>	<u>(3,994,315)</u>	<u>(6,084,959)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(1,578,756)	(1,575,878)	(487,730)
Proceeds from self supporting loans		214,570	214,569	131,483
<b>Net cash provided by (used in) financing activities</b>		<u>(1,364,186)</u>	<u>(1,361,309)</u>	<u>(356,247)</u>
<b>Net increase (decrease) in cash held</b>		2,161,980	(3,666,710)	(4,317,278)
Cash at beginning of year		9,223,454	9,223,456	13,540,732
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u>11,385,434</u>	<u>5,556,746</u>	<u>9,223,454</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		99,624	19,200	40,149
General purpose funding		6,364,576	4,640,287	2,255,142
Law, order, public safety		431,881	743,221	597,399
Health		38,907	45,000	36,897
Education and welfare		1,233,363	1,233,006	2,203,330
Housing		44,286	48,431	33,538
Community amenities		3,594,743	2,440,982	2,656,067
Recreation and culture		722,954	1,103,360	565,774
Transport		1,459,102	1,503,379	1,061,150
Economic services		1,528,375	1,593,270	934,184
Other property and services		78,199	69,000	108,321
		<u>15,596,010</u>	<u>13,439,136</u>	<u>10,491,951</u>
<b>Expenses</b>				
Governance		(1,139,980)	(1,384,599)	(832,977)
General purpose funding		(2,919,686)	(257,850)	(238,116)
Law, order, public safety		(1,087,825)	(1,141,830)	(1,074,223)
Health		(375,458)	(361,960)	(436,018)
Education and welfare		(1,376,796)	(1,375,344)	(1,413,584)
Housing		(102,994)	(94,569)	(76,820)
Community amenities		(3,021,658)	(3,581,283)	(3,135,882)
Recreation and culture		(3,994,252)	(4,158,710)	(3,564,796)
Transport		(4,646,446)	(4,950,301)	(4,669,089)
Economic services		(1,862,060)	(2,018,800)	(1,996,233)
Other property and services		(210,181)	(66,373)	(79,020)
		<u>(20,737,336)</u>	<u>(19,391,619)</u>	<u>(17,516,758)</u>
<b>Net result excluding rates</b>		<b>(5,141,326)</b>	<b>(5,952,483)</b>	<b>(7,024,807)</b>
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
(Profit)/Loss on asset disposals	20	15,647	(133,767)	81,326
Movement in land held for resale		9,545	0	0
Movement in deferred pensioner rates (non-current)		10,729	0	(25,707)
Movement in employee benefit provisions (non-current)		12,599	0	(20,407)
Loss on Revaluation of Assets		2,553,874	0	0
Depreciation on assets	2(a)	3,540,043	3,475,533	3,460,111
<b>Capital Expenditure and Revenue</b>				
Purchase of land and buildings	6(b)	(372,359)	(732,115)	(951,070)
Purchase of plant and equipment	6(b)	(426,796)	(834,592)	(88,268)
Purchase of furniture and equipment	6(b)	(19,498)	(28,300)	(922,072)
Purchase of bushfire equipment	7(b)	0	(460,000)	(112,812)
Purchase of playground equipment	7(b)	0	(170,246)	0
Purchase of roads	7(b)	(2,217,090)	(2,184,572)	(4,485,189)
Purchase of footpaths	7(b)	(337,924)	(537,196)	(127,038)
Purchase of drainage	7(b)	(1,238,329)	(1,950,738)	(894,306)
Purchase of parks and ovals	7(b)	(229,616)	(530,634)	(826,659)
Purchase of other infrastructure	7(b)	(122,429)	(418,593)	(95,687)
Purchase of bridges & culverts	8(b)	0	(108,000)	(146,000)
Purchase of streetscape	7(b)	(136,482)	(198,566)	0
Purchase of aero	8(b)	0	0	(112,848)
Proceeds from disposal of fixed assets	20	438,946	433,443	344,980
Repayment of debentures	21(a)	(1,578,756)	(1,575,878)	(487,730)
Proceeds from self supporting loans		214,570	214,569	131,483
Transfers to reserves (restricted assets)	11	(2,001,103)	(1,625,222)	(908,272)
Transfers from reserves (restricted assets)	11	689,759	1,186,934	585,940
<b>ADD Surplus/(deficit) July 1 b/fwd</b>	22(b)	<b>3,866,776</b>	<b>3,878,182</b>	<b>8,665,671</b>
<b>LESS Surplus/(deficit) June 30 c/fwd</b>	22(b)	<b>5,811,966</b>	<b>15,992</b>	<b>3,866,776</b>
<b>Total amount raised from general rate</b>	22(a)	<b><u>(8,281,186)</u></b>	<b><u>(8,268,233)</u></b>	<b><u>(7,826,137)</u></b>

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 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

**(b) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

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

**(c) Cash and Cash Equivalents**

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

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

**General**

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

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

**Land held for sale**

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

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

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

**(f) Fixed Assets**

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

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

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

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
  - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
    - (i) that are plant and equipment; and
    - (ii) that are -
      - (I) land and buildings; or-
      - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

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



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(f) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

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

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(f) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

Buildings	50 years
Furniture and equipment	5 years
Computer Hardware/Software	4 years
Tools	4 years
Cars	5 years
Utilities	4 years
<u>Heavy Vehicles</u>	
- Trucks	
- Graders, Loaders & Heavy Equipment	
- Other Plant	
<u>Sealed Roads and Streets</u>	
Construction- Road Reconstruction	50 years
Original surfacing and major re-surfacing	
- bituminous seals	15 years
- asphalt surfaces	20 years
Car Parks (Sealed)	40 years
<u>Unsealed Gravel Roads</u>	
- Construction/road base/subgrade	50 years
- Gravel sheet/resheet	10 years
- Reserves/playground	10 years
<u>Bridges and Culverts</u>	
- Timber	50 years
- Concrete	100 years
<u>Footpaths</u>	
- Insitu concrete and slabs	40 years
- Asphalt, bitumen surfaces	20 years
<u>Kerbing</u>	
- Concrete	40 years
Street lighting	25 years
Sewerage piping	60 years
Water supply piping	60 years
Parks and Reserves	50 years
Main drains and 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 the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(f) Fixed Assets (Continued)**

***Capitalisation threshold***

Expenditure on items of equipment under \$2,500 is not capitalised. Rather, it is recorded on an asset inventory listing.

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

**Income approach**

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

**Cost approach**

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

***(ii) Loans and receivables***

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

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

***(iii) Held-to-maturity investments***

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

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

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

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

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

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

***(v) Financial liabilities***

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(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 until such time as the asset is substantially ready for its intended use or sale.

**(m) Provisions**

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

**(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 Shire, are classified as finance leases.

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

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

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

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

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

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

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

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

**(r) Superannuation**

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

**(v) 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 2015**

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

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	September 2012	1 January 2018	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 Shire (refer (i) above).
[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]			
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.



SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments  [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.



SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>





SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

AASB 2011-7  
AASB 2012-3  
AASB 2013-3  
AASB 2013-8  
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, 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 2015**

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the annual financial report	23,500	23,233
- Assistance with the finalisation of the annual financial report	0	2,000
- Grant Acquittals	13,650	22,150
- Other services	3,550	5,792
<b>Depreciation</b>		
Non-specialised buildings	66,252	50,345
Specialised buildings	752,657	450,136
Plant and equipment	227,871	89,990
Furniture and Equipment	79,514	463,660
Bushfire Equipment	42,481	112,099
Roads	1,596,630	1,591,413
Footpaths	176,983	173,807
Drainage	168,626	151,695
Parks and Ovals	149,994	76,907
Other infrastructure	90,609	77,688
Bridges & Culverts	97,554	93,158
Streetscape	76,862	112,769
Aero	14,010	16,444
	<u>3,540,043</u>	<u>3,460,111</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 21 (a))	188,977	272,851
	<u>188,977</u>	<u>272,851</u>
<b>Rental charges</b>		
- Operating leases	11,640	11,640
	<u>11,640</u>	<u>11,640</u>
<b>Loss on Revaluation of Assets</b>		
Transport	2,553,914	0
	<u>2,553,914</u>	<u>0</u>

This significant expense in 2015 relates to the Loss on Revaluation of Assets. The categories of Furniture and Equipment and Streetscapes have no revaluation surplus so the decrement on the valuation of these assets is required to reduce the Net Result on the Statement of Comprehensive Income.



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUE AND EXPENSES (Continued)	2015 \$	2014 \$
(ii) Crediting as revenue:		
<b>Significant revenue</b>		
General Purpose Funding	<u>1,695,087</u>	<u>0</u>
This significant revenue in 2015 relates to the prepayment of the first instalment of the Financial Assistance Grant for next year.		
<b>Other revenue</b>		
Reimbursements and recoveries	98,700	554,859
Other	<u>959,905</u>	<u>293,743</u>
	<u>1,058,605</u>	<u>848,602</u>
	<b>2015 Actual \$</b>	<b>2015 Budget \$</b>
	<b>2014 Actual \$</b>	
<b>Interest earnings</b>		
- Self supporting loans	22,943	0
- Reserve funds	153,943	184,322
- Other funds	117,898	130,000
Other interest revenue (refer note 26)	<u>127,351</u>	<u>117,000</u>
	<u>422,135</u>	<u>431,322</u>
	<u>488,633</u>	<u>488,633</u>

**(b) Statement of Objective**

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

**COMMUNITY VISION**

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

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.



Shire of Northam  
Heritage, Commerce and Lifestyle

Heritage, Com  
Heritage, Com

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**(b) REVENUE AND EXPENSES (Continued)**

**LAW, ORDER & PUBLIC SAFETY**

**Objective:**

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

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

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

**HOUSING**

**Objective:**

To provide and maintain elderly residents housing.

**Activities:**

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

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

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

**TRANSPORT**

**Objective:**

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

**Activities:**

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



Shire of Northam  
Heritage, Commerce and Lifestyle

Heritage, Com  
Heritage, Com

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic well-being.

**Activities:**

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

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

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



SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
		Balance <sup>(1)</sup> 1/07/13 \$	2013/14 \$	2013/14 \$	Balance <sup>(1)</sup> 30/06/14 \$	2014/15 \$	2014/15 \$	Balance 30/06/15 \$
Dept of Local Govt 7 Reg Dev	Governance	20,000	0	(20,000)	0	0	0	0
Main Roads WA	Transport	177,574	0	0	177,574	0	(83,848)	93,726
Grants Commission - United	General Purpose Funding	1,156,630	1,313,640	(2,470,270)	0	0	0	0
Grants - Commission - Roads	General Purpose Funding	410,366	355,357	(765,723)	0	0	0	0
CLGF 2011-12 FCWP	General Purpose Funding	694,434	0	(504,003)	190,431	0	(73,037)	117,394
DLG - Work Force Planning	Governance	5,000	0	(5,000)	0	0	0	0
FESA BFB	Law, Order, Public Safety	2,052	112,128	(87,930)	26,250	111,850	(105,000)	33,100
FESA Vehicle Replacement	Law, Order, Public Safety	0	251,461	(251,461)	0	0	0	0
DLG - Cat Act Miscellaneous	Law, Order, Public Safety	2,535	0	(2,535)	0	0	0	0
DLG - Cat Sterilisation	Law, Order, Public Safety	7,500	7,500	(3,840)	11,160	0	(1,886)	9,274
FESA - SES	Law, Order, Public Safety	5,311	45,725	(40,101)	10,935	22,282	(25,777)	7,440
Crime Prevention - Trailer	Law, Order, Public Safety	7,155	0	(7,155)	0	0	0	0
Crime Prevention - Youth Space	Law, Order, Public Safety	25,000	0	(25,000)	0	0	0	0
Crime Prevention - CCTV	Law, Order, Public Safety	25,000	0	(25,000)	0	22,837	(800)	22,037
DEEWR - Sustainability OSHC	Law, Order, Public Safety	0	12,400	(12,400)	0	8,148	(8,148)	0
Aust Sport - OSHC	Recreation & Culture	0	2,737	(2,737)	0	0	0	0
DEEWR - Sustainability Vacation	Education & Welfare	0	7,440	(7,440)	0	2,520	(2,520)	0
Dept Environment & Conservation	Housing	0	114,962	(114,962)	0	0	0	0
Dept Reg Development & Lands	Community Amenities	76,913	0	(39,218)	37,695	0	(29,587)	8,108
Dept Reg Development & Lands	Community Amenities	2,942,929	0	(2,845,157)	97,772	0	(82,810)	14,962
Dept Reg Development & Lands	Community Amenities	1,874,463	0	(740,114)	1,134,349	0	(345,800)	788,549
Sustainable Environment	Recreation & Culture	23,376	0	(23,376)	0	0	0	0
Depart Sport & Rec	Recreation & Culture	8,535	50,000	(56,894)	1,641	65,000	(63,193)	3,448
MRWA - Blackspot	Transport	12,800	126,908	(114,304)	25,404	165,304	(177,908)	12,800
WALGGC	Transport	146,000	0	(146,000)	0	0	0	0
MRWA - Regional Road Group	Transport	0	422,736	(422,736)	0	200,417	(200,417)	0
MRWA - Direct Grant	Transport	0	142,004	(142,004)	0	0	0	0
RADS - Airport	Transport	0	56,424	(56,424)	0	0	0	0
WALGA Road Safety	Transport	3,807	27,822	(5,339)	26,290	0	(20,813)	5,477
NDRP - Bakers Hill Water Supply	Economic services	216,500	205,722	(422,222)	0	0	0	0
Wheatbelt NRM - Bakers Hill	Economic services	82,859	147,089	(11,390)	218,558	735,443	(769,228)	184,773
Dept Regional Development	Economic services	0	700,000	(557,749)	142,251	0	(122,399)	19,852
Lotterywest	Economic services	0	250,000	(250,000)	0	0	0	0
Dept Sports & Recreation - Bakers Hill Hard	Recreation & Culture	0	34,482	(34,482)	0	0	0	0
Dept Sports & Recreation - Install Retic Bakers	Recreation & Culture	0	135,449	(135,449)	0	0	0	0
		7,926,739	4,521,986	(10,348,415)	2,100,310	1,333,801	(2,113,171)	1,320,940





SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/13 \$	Received <sup>(2)</sup> 2013/14 \$	Expended <sup>(3)</sup> 2013/14 \$	Closing Balance <sup>(1)</sup> 30/06/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance 30/06/15 \$
Lotterywest - Arvo anson	Recreation & Culture	0	13,700	(13,700)	0	0	0	0
Lotterywest - Event Sponsorship	Recreation & Culture	0	20,000	(20,000)	0	0	0	0
Avon Descent Sponsorship	Recreation & Culture	0	34,000	(27,000)	7,000	0	(7,000)	0
DRD-CLGF 2012-13 Individual	Other Properties & Services	0	0	0	0	783,124	(311,040)	472,084
DRD Royalties for Regions	Transport	0	0	0	0	1,027,386	0	1,027,386
Australian Football League	Recreation & Culture	0	0	0	0	50,000	(46,777)	3,223
Scitech Discovery Centre	Recreation & Culture	0	0	0	0	1,818	0	1,818
CLGF 2012-13 Shire of Dowerin	Recreation & Culture	0	0	0	0	150,000	(30,340)	119,660
Dept of Infrastructure - R2R	Transport	0	0	0	0	474,020	(311,340)	162,680
Mark Hay - Oyston Road	Transport	0	0	0	0	45,455	0	45,455
WDC - Age Friendly Footpaths	Transport	0	0	0	0	40,000	0	40,000
<b>Total</b>		<b>7,926,739</b>	<b>4,589,686</b>	<b>(10,409,115)</b>	<b>2,107,310</b>	<b>3,905,604</b>	<b>(2,819,668)</b>	<b>3,193,246</b>

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		2,032,665	2,267,965
Restricted		9,352,769	6,955,489
		<u>11,385,434</u>	<u>9,223,454</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Liability Reserve	11	494,602	512,931
Aged Accommodation Reserve	11	255,465	249,145
Housing Reserve	11	242,782	234,208
Office Equipment Reserve	11	122,458	118,133
Plant and Equipment Reserve	11	600,754	487,733
Recreation Reserve	11	18,131	30,226
Road and Bridgeworks Reserve	11	547,453	623,888
Refuse Site Reserve	11	228,755	182,085
Regional Development Reserve	11	873,645	114,375
Speedway Reserve	11	134,967	130,201
Community Bus Replacement Reserve	11	31,138	30,039
Septage Pond Reserve	11	324,006	245,028
Killara Reserve	11	168,620	148,921
Stormwater Drainage Projects Reserve	11	27,441	46,521
Council Building and Amenities Reserve	11	130,204	147,308
River Town Pool Dredging Reserve	11	283,686	273,667
Parking Facilities Construction Reserve	11	123,583	162,328
Art Collection Reserve	11	21,219	15,646
Reticulation Scheme Reserve	11	48,750	0
Unspent grants	2(c)	3,193,246	2,107,310
		<u>9,352,769</u>	<u>6,955,489</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Rates outstanding		874,323	717,627
Sundry debtors		1,277,154	795,312
GST receivable		175,694	0
Loans - clubs/institutions		30,098	214,569
Rates Debtors Legal		130,186	118,964
Emergency Services Levy		42,762	35,995
Debtors - Rubbish Charges		88,845	92,118
Debtors - Pensioner Rebates		16,222	14,700
Accrued Income		11,693	34,017
Less: Provision for Doubtful Debts		(124,729)	(37,650)
		<u>2,522,248</u>	<u>1,985,652</u>
<b>Non-current</b>			
Rates outstanding - pensioners		309,943	320,672
Loans - clubs/institutions		90,094	120,193
		<u>400,037</u>	<u>440,865</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		30,222	60,461
Land held for resale - cost			
Cost of acquisition		15,500	25,045
		<u>45,722</u>	<u>85,506</u>



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	9,947,600	10,272,600
- Independent valuation 2014 - level 3	<u>5,296,000</u>	<u>5,296,000</u>
	<u>15,243,600</u>	<u>15,568,600</u>
Land vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	<u>1,315,000</u>	<u>1,315,000</u>
	<u>1,315,000</u>	<u>1,315,000</u>
	<u>16,558,600</u>	<u>16,883,600</u>
Non-specialised buildings at:		
- Independent valuation 2014 - level 3	2,847,000	2,847,000
- Additions after valuation - cost	0	0
Less: accumulated depreciation	<u>(66,252)</u>	<u>0</u>
	<u>2,780,748</u>	<u>2,847,000</u>
Specialised buildings at:		
- Independent valuation 2014 - level 3	33,372,000	33,372,000
- Additions after valuation - cost	372,359	0
Less: accumulated depreciation	<u>(752,657)</u>	<u>0</u>
	<u>32,991,702</u>	<u>33,372,000</u>
	<u>35,772,450</u>	<u>36,219,000</u>
Total land and buildings	<u>52,331,050</u>	<u>53,102,600</u>
Plant and equipment at:		
- Management valuation 2013 - level 2	317,230	317,230
- Independent valuation 2013 - level 2	2,384,868	2,574,858
- Additions after valuation - cost	1,199,495	922,072
Less accumulated depreciation	<u>(630,834)</u>	<u>(463,360)</u>
	<u>3,270,759</u>	<u>3,350,800</u>
Furniture and Equipment at:		
- Management valuation 2015 - level 3	162,133	0
- Cost	0	860,659
Less accumulated depreciation	<u>0</u>	<u>(625,487)</u>
	<u>162,133</u>	<u>235,172</u>
Bushfire Equipment at:		
- Independent valuation 2013 - level 2	801,000	801,000
- Additions after valuation - cost	112,812	112,812
Less accumulated amortisation	<u>(151,580)</u>	<u>(109,099)</u>
	<u>762,232</u>	<u>804,713</u>

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
Playground Equipment at:		
- Cost	0	29,700
Less accumulated depreciation	<u>0</u>	<u>(29,700)</u>
	0	0
 Tools at:		
- Cost	0	3,756
Less accumulated depreciation	<u>0</u>	<u>(3,756)</u>
	0	0
	<u>56,526,174</u>	<u>57,493,285</u>

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

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	15,568,600	0	(325,000)	0	0	0	0	15,243,600
Land vested in and under the control of Council	1,315,000	0	0	0	0	0	0	1,315,000
<b>Total land</b>	<b>16,883,600</b>	<b>0</b>	<b>(325,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,558,600</b>
Non-specialised buildings	2,847,000	0	0	0	0	(66,252)	0	2,780,748
Specialised buildings	33,372,000	372,359	0	0	0	(752,657)	0	32,991,702
<b>Total buildings</b>	<b>36,219,000</b>	<b>372,359</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(818,909)</b>	<b>0</b>	<b>35,772,450</b>
<b>Total land and buildings</b>	<b>53,102,600</b>	<b>372,359</b>	<b>(325,000)</b>	<b>0</b>	<b>0</b>	<b>(818,909)</b>	<b>0</b>	<b>52,331,050</b>
Plant and equipment	3,350,800	426,796	(129,593)	0	0	(227,871)	(149,373)	3,270,759
Furniture and Equipment	235,172	19,498	0	(13,023)	0	(79,514)	0	162,133
Bushfire Equipment	804,713	0	0	0	0	(42,481)	0	762,232
<b>Total property, plant and equipment</b>	<b>57,493,285</b>	<b>818,653</b>	<b>(454,593)</b>	<b>(13,023)</b>	<b>0</b>	<b>(1,168,775)</b>	<b>(149,373)</b>	<b>56,526,174</b>

The revaluation of Furniture and Equipment resulted in a decrease on revaluation of \$13,023 in the net value of Furniture and Equipment. The decrease has been recognised as a Transport expense in the Statement of Comprehensive Income (Refer note 2(a)).



SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>					
Freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per hectare/ available market information
Freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Non-specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>	2	Market approach using recent observable market data for similar assets	Independent/ Management valuation	June 2013	Available market information
<b>Furniture and Equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs





SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

<u>Asset Class</u>	<u>Fair Value Hierarchy</u>	<u>Valuation Technique</u>	<u>Basis of valuation</u>	<u>Date of last Valuation</u>	<u>Inputs used</u>
<b>Bushfire Equipment</b>	2	Market approach using recent observable market data for similar assets	Independent valuation	June 2013	Available market information

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

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

<b>7 (a). INFRASTRUCTURE</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Roads		
- Management valuation 2015 - level 3	177,578,863	0
- Cost	0	64,845,692
Less accumulated depreciation	<u>0</u>	<u>(37,848,402)</u>
	177,578,863	26,997,290
Footpaths		
- Cost	0	7,111,758
Less accumulated depreciation	<u>0</u>	<u>(3,714,969)</u>
	0	3,396,789
Drainage		
- Cost	0	10,200,149
Less accumulated depreciation	<u>0</u>	<u>(4,950,852)</u>
	0	5,249,297
Parks and Ovals		
- Cost	0	4,457,177
Less accumulated depreciation	<u>0</u>	<u>(1,747,166)</u>
	0	2,710,011
Other infrastructure		
- Management valuation 2015 - level 3	9,571,500	0
- Cost	0	2,307,817
Less accumulated depreciation	<u>0</u>	<u>(698,824)</u>
	9,571,500	1,608,993
Bridges & Culverts		
- Management valuation 2015 - level 3	31,376,000	0
- Cost	0	8,855,860
Less accumulated depreciation	<u>0</u>	<u>(4,615,167)</u>
	31,376,000	4,240,693
Streetscape		
- Management valuation 2015 - level 3	253,565	0
- Cost	0	3,818,279
Less accumulated depreciation	<u>0</u>	<u>(1,083,483)</u>
	253,565	2,734,796
Aero		
- Management valuation 2015 - level 3	1,055,000	864,419
Less accumulated depreciation	<u>0</u>	<u>(85,247)</u>
	1,055,000	779,172
Playground		
- Management valuation 2015- level 3	<u>590,800</u>	<u>0</u>
	590,800	0
	<u>220,425,728</u>	<u>47,717,041</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

		Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
		\$	\$	\$	\$	\$	\$	\$	\$
Roads	*	26,997,290	2,217,090	0	140,084,383	0	(1,596,630)	9,876,730	177,578,863
Footpaths	*	3,396,789	337,924	0	0	0	(176,983)	(3,557,730)	0
Drainage	*	5,249,297	1,238,329	0	0	0	(168,626)	(6,319,000)	0
Parks and Ovals	*	2,710,011	229,616	0	0	0	(149,994)	(2,789,633)	0
Other infrastructure	*	1,608,993	122,429	0	4,991,681	0	(90,609)	2,939,006	9,571,500
Bridges & Culverts		4,240,693	0	0	27,232,861	0	(97,554)	0	31,376,000
Streetscape		2,734,796	136,482	0	(2,540,851)	0	(76,862)	0	253,565
Aero		779,172	0	0	289,838	0	(14,010)	0	1,055,000
Playground		0	0	0	590,800	0	0	0	590,800
<b>Total infrastructure</b>		<b>47,717,041</b>	<b>4,281,870</b>	<b>0</b>	<b>170,648,712</b>	<b>0</b>	<b>(2,371,268)</b>	<b>149,373</b>	<b>220,425,728</b>

The revaluation of infrastructure assets resulted in an increase on the revaluation of 'Roads', 'Other infrastructure', 'Bridges & Culverts', 'Aero' and 'Playground'. \$173,189,563 was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income. The decrease for 'Streetscape' assets has been recognised as a Transport expense in the Shire's Statement of Comprehensive Income (Refer note 2(a)).

\*At Revaluation, certain asset classes have been regrouped as follows: -  
- Footpaths and Drainage have been grouped with Roads; and  
- Parks and Ovals have been grouped with Other Infrastructure.

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

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

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

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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	2015 \$	2014 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	1,202,780	1,896,412
Accrued interest on debentures	35,622	50,643
Accrued salaries and wages	202,109	149,557
ATO liabilities	130,214	9,621
ESL Payable	4,756	4,896
	<u>1,575,481</u>	<u>2,111,129</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by floating charge		
Debentures	210,153	592,668
	<u>210,153</u>	<u>592,668</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	2,301,760	3,498,001
	<u>2,301,760</u>	<u>3,498,001</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2014</b>			
Current provisions	490,281	251,568	741,849
Non-current provisions	0	127,552	127,552
	<u>490,281</u>	<u>379,120</u>	<u>869,401</u>
Additional provision	439,264	170,889	610,153
Amounts used	(394,708)	(70,924)	(465,632)
<b>Balance at 30 June 2015</b>	<u>534,837</u>	<u>479,085</u>	<u>1,013,922</u>
<b>Comprises</b>			
Current	534,837	320,601	855,438
Non-current	0	158,484	158,484
	<u>534,837</u>	<u>479,085</u>	<u>1,013,922</u>

**SHIRE OF NORTHAM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Employee Liability Reserve</b>			
Opening balance	512,931	512,932	545,189
Amount set aside / transfer to reserve	18,774	22,221	69,702
Amount used / transfer from reserve	<u>(37,103)</u>	<u>0</u>	<u>(101,960)</u>
	<u>494,602</u>	<u>535,153</u>	<u>512,931</u>
<b>(b) Aged Accommodation Reserve</b>			
Opening balance	249,145	249,145	232,105
Amount set aside / transfer to reserve	25,021	25,360	25,110
Amount used / transfer from reserve	<u>(18,701)</u>	<u>(22,660)</u>	<u>(8,070)</u>
	<u>255,465</u>	<u>251,845</u>	<u>249,145</u>
<b>(c) Housing Reserve</b>			
Opening balance	234,208	234,208	225,269
Amount set aside / transfer to reserve	8,574	9,182	8,939
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>242,782</u>	<u>243,390</u>	<u>234,208</u>
<b>(d) Office Equipment Reserve</b>			
Opening balance	118,133	118,133	123,050
Amount set aside / transfer to reserve	4,325	5,015	9,883
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(14,800)</u>
	<u>122,458</u>	<u>123,148</u>	<u>118,133</u>
<b>(e) Plant and Equipment Reserve</b>			
Opening balance	487,733	487,732	582,571
Amount set aside / transfer to reserve	377,872	233,745	225,599
Amount used / transfer from reserve	<u>(264,851)</u>	<u>(520,474)</u>	<u>(320,437)</u>
	<u>600,754</u>	<u>201,003</u>	<u>487,733</u>
<b>(f) Recreation Reserve</b>			
Opening balance	30,226	30,226	48,309
Amount set aside / transfer to reserve	1,105	1,969	1,917
Amount used / transfer from reserve	<u>(13,200)</u>	<u>(32,195)</u>	<u>(20,000)</u>
	<u>18,131</u>	<u>0</u>	<u>30,226</u>
<b>(g) Road and Bridgeworks Reserve</b>			
Opening balance	623,888	623,888	635,182
Amount set aside / transfer to reserve	28,987	45,889	25,206
Amount used / transfer from reserve	<u>(105,422)</u>	<u>0</u>	<u>(36,500)</u>
	<u>547,453</u>	<u>669,777</u>	<u>623,888</u>
<b>(h) Refuse Site Reserve</b>			
Opening balance	182,085	182,085	155,898
Amount set aside / transfer to reserve	66,670	66,354	46,187
Amount used / transfer from reserve	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>
	<u>228,755</u>	<u>228,439</u>	<u>182,085</u>
<b>(i) Regional Development Reserve</b>			
Opening balance	114,375	114,374	129,289
Amount set aside / transfer to reserve	759,270	760,270	10,131
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(25,045)</u>
	<u>873,645</u>	<u>874,644</u>	<u>114,375</u>



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	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED (CONTINUED)</b>			
<b>(j) Speedway Reserve</b>			
Opening balance	130,201	130,200	125,231
Amount set aside / transfer to reserve	4,766	5,104	4,970
Amount used / transfer from reserve	0	0	0
	<u>134,967</u>	<u>135,304</u>	<u>130,201</u>
<b>(k) Community Bus Replacement Reserve</b>			
Opening balance	30,039	30,039	9,656
Amount set aside / transfer to reserve	1,099	393	20,383
Amount used / transfer from reserve	0	0	0
	<u>31,138</u>	<u>30,432</u>	<u>30,039</u>
<b>(l) Septage Pond Reserve</b>			
Opening balance	245,028	245,028	196,241
Amount set aside / transfer to reserve	78,978	78,002	48,787
Amount used / transfer from reserve	0	(27,200)	0
	<u>324,006</u>	<u>295,830</u>	<u>245,028</u>
<b>(m) Killara Reserve</b>			
Opening balance	148,921	143,212	175,380
Amount set aside / transfer to reserve	19,699	7,000	12,669
Amount used / transfer from reserve	0	0	(39,128)
	<u>168,620</u>	<u>150,212</u>	<u>148,921</u>
<b>(n) Stormwater Drainage Projects Reserve</b>			
Opening balance	46,521	46,521	6,272
Amount set aside / transfer to reserve	1,703	257	40,249
Amount used / transfer from reserve	(20,783)	(40,000)	0
	<u>27,441</u>	<u>6,778</u>	<u>46,521</u>
<b>(o) Recreation and Community Facilities Reserve</b>			
Opening balance	625,572	625,572	413,642
Amount set aside / transfer to reserve	272,760	16,859	211,930
Amount used / transfer from reserve	(87,518)	(148,815)	0
	<u>810,814</u>	<u>493,616</u>	<u>625,572</u>
<b>(p) Administration Office Reserve</b>			
Opening balance	470,224	470,224	452,276
Amount set aside / transfer to reserve	200,826	18,434	17,948
Amount used / transfer from reserve	0	0	0
	<u>671,050</u>	<u>488,658</u>	<u>470,224</u>
<b>(q) Council Building and Amenities Reserve</b>			
Opening balance	147,308	147,308	93,594
Amount set aside / transfer to reserve	5,391	203,815	53,714
Amount used / transfer from reserve	(22,495)	(25,990)	0
	<u>130,204</u>	<u>325,133</u>	<u>147,308</u>
<b>(r) River Town Pool Dredging Reserve</b>			
Opening balance	273,667	273,667	215,130
Amount set aside / transfer to reserve	10,019	8,768	58,537
Amount used / transfer from reserve	0	(223,600)	0
	<u>283,686</u>	<u>58,835</u>	<u>273,667</u>

**SHIRE OF NORTHAM  
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	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED (CONTINUED)</b>			
<b>(s) Parking Facilities Construction Reserve</b>			
Opening balance	162,328	162,329	151,324
Amount set aside / transfer to reserve	60,941	71,168	11,004
Amount used / transfer from reserve	<u>(99,686)</u>	<u>(126,000)</u>	<u>0</u>
	<u>123,583</u>	<u>107,497</u>	<u>162,328</u>
<b>(t) Art Collection Reserve</b>			
Opening balance	15,646	15,645	10,239
Amount set aside / transfer to reserve	5,573	5,417	5,407
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>21,219</u>	<u>21,062</u>	<u>15,646</u>
<b>(u) Reticulation Scheme Reserve</b>			
Opening balance	0	0	0
Amount set aside / transfer to reserve	48,750	40,000	0
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>48,750</u>	<u>40,000</u>	<u>0</u>
<b>TOTAL RESERVES</b>	<u><u>6,159,523</u></u>	<u><u>5,280,756</u></u>	<u><u>4,848,179</u></u>
Total Opening balance	4,848,179	4,842,468	4,525,847
Total Amount set aside / transfer to reserve	2,001,103	1,625,222	908,272
Total Amount used / transfer from reserve	<u>(689,759)</u>	<u>(1,186,934)</u>	<u>(585,940)</u>
<b>TOTAL RESERVES</b>	<u><u>6,159,523</u></u>	<u><u>5,280,756</u></u>	<u><u>4,848,179</u></u>

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

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

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

**(a) Employee Liability Reserve**

- to be used for the provision for employees future liability commitments i.e. Annual leave, long service requirements and negotiated gratuities and sickness payouts. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised.

**(b) Aged Accommodation Reserve**

- to be used for the provision of future capital works requirements for aged units at Kuringal Village, Wundowie and other sites within the Shire of Northam. Funds not expected to be used in a set period as further transfer to the reserve account.

**(c) Housing Reserve**

- to be used for future construction of community housing in Wundowie. Funds not expected to be used in a set period.

**(d) Office Equipment Reserve**

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

**(e) Plant and Equipment Reserve**

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

**(f) Recreation Reserve**

- to be used in the development and improvement of recreation and sporting facilities within the Shire of Northam. It is anticipated that this reserve will be fully utilised 2015/16.

**(g) Road and Bridgeworks Reserve**

- to be used in the upgrading of road and bridge infrastructure within the Shire of Northam. Funds not expected to be used in the set period as further transfers to the reserve account are anticipated.

**(h) Refuse Site Reserve**

- to be used for the development of refuse sites and related infrastructure and equipment, including provision for future replacement facility and/or site. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

**(i) Regional Development Reserve**

- to be used to provide future projects whereby a broader range of development ideas may be required to be encouraged on a regional basis, in consultation with other stakeholders and/or Local Governments. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

**(j) Speedway Reserve**

- to be used to provide funds for possible future rehabilitation works required at Northam Speedway site on Fox Road Northam. No date has been specified for the use of this reserve.

**(k) Community Bus Replacement Reserve**

- to be used for the future replacement of the Shire of Northam Community Buses. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

**(l) Septage Pond Reserve**

- to be used for future upgrades and maintenance to septic ponds and related infrastructure. Funds are not expected to be used in the set period as further transfers to the reserve account are anticipated.

**(m) Killara Reserve**

- to be used to provide a fund for surplus funds from Killara operations and restricted cash for any unspent Killara grants. No date has been specified for the use of this reserve.

**SHIRE OF NORTHAM  
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**11. RESERVES - CASH BACKED (CONTINUED)**

**(n) Stormwater Drainage Projects Reserve**

- to be used to provide funds for stormwater drainage projects. No date has been specified for the use of this reserve.

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

- to be used to provide a fund for the Recreation and Public Facilities within the Shire. No date has been specified for the use of this reserve. 2% of the net rates levied each year are set aside for provision of recreation and sports facilities.

**(p) Administration Office Reserve**

- to be used to provide a fund for the expansion or relocation of the Shire of Northam administration centre. No date has been specified for the use of this reserve.

**(q) Council Building and Amenities Reserve**

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

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

- to be used for the 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.

**(s) Parking Facilities Construction Reserve**

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

**(t) Art Collection Reserve**

- to be used for the care and maintenance of the Shire's art collection, including acquisitions and disposals. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated.

**(u) Reticulation Scheme Reserve**

Provision for future replacement/upgrading of water reuse and reticulation infrastructure. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised.

**SHIRE OF NORTHAM**  
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<b>12. REVALUATION SURPLUS</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land</b>		
Opening balance	14,678,255	0
Revaluation increment	0	14,678,255
Revaluation decrement	0	0
	<u>14,678,255</u>	<u>14,678,255</u>
<b>(b) Plant and equipment</b>		
Opening balance	505,738	505,738
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>505,738</u>	<u>505,738</u>
<b>(c) Buildings</b>		
Opening balance	13,990,111	0
Revaluation increment	0	13,990,111
Revaluation decrement	0	0
	<u>13,990,111</u>	<u>13,990,111</u>
<b>(d) Bushfire Equipment</b>		
Opening balance	318,627	318,627
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>318,627</u>	<u>318,627</u>
<b>(e) Roads</b>		
Opening balance	0	0
Revaluation increment	140,084,383	0
Revaluation decrement	0	0
	<u>140,084,383</u>	<u>0</u>
<b>(i) Other infrastructure</b>		
Opening balance	0	0
Revaluation increment	4,991,681	0
Revaluation decrement	0	0
	<u>4,991,681</u>	<u>0</u>
<b>(j) Bridges &amp; Culverts</b>		
Opening balance	0	0
Revaluation increment	27,232,861	0
Revaluation decrement	0	0
	<u>27,232,861</u>	<u>0</u>
<b>(k) Aero</b>		
Opening balance	0	0
Revaluation increment	289,838	0
Revaluation decrement	0	0
	<u>289,838</u>	<u>0</u>
<b>(l) Playground</b>		
Opening balance	0	0
Revaluation increment	590,800	0
Revaluation decrement	0	0
	<u>590,800</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>202,682,294</u></u>	<u><u>29,492,731</u></u>

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

**(a) Reconciliation of Cash**

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

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>11,385,434</u>	<u>5,556,746</u>	<u>9,223,454</u>

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

Net result	3,139,860	2,315,750	801,330
Non-cash flows in Net result:			
Depreciation	3,540,043	3,475,533	3,460,111
Decrement on revaluation of Infrastructure	2,553,874	0	0
(Profit)/Loss on sale of asset	15,647	(133,767)	81,326
Gross profit on land held for resale	(240,295)	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(710,337)	(866,018)	(471,317)
(Increase)/Decrease in inventories	30,239	(10,000)	(52,693)
Increase/(Decrease) in payables	(535,648)	583,210	567,987
Increase/(Decrease) in provisions	144,521	50,000	69,194
Grants contributions for the development of assets	<u>(3,383,030)</u>	<u>(3,725,794)</u>	<u>(2,332,010)</u>
Net cash from operating activities	<u>4,554,874</u>	<u>1,688,914</u>	<u>2,123,928</u>

	2015 \$	2014 \$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	15,000
Credit card balance at balance date	<u>(2,565)</u>	<u>(682)</u>
<b>Total amount of credit unused</b>	<u>107,435</u>	<u>114,318</u>
<b>Loan facilities</b>		
Loan facilities - current	210,153	592,668
Loan facilities - non-current	<u>2,301,760</u>	<u>3,498,001</u>
<b>Total facilities in use at balance date</b>	<u>2,511,913</u>	<u>4,090,669</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>



**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**14. CONTINGENT LIABILITIES**

The Shire has no contingent liabilities as at 30 June 2015.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but		
Payable:		
- not later than one year	0	7,760
- later than one year but not later than five years	0	0
- later than five years	0	0
	0	7,760

**(b) Capital Expenditure Commitments**

Contracted for:		
- capital expenditure projects	597,467	65,774
- plant & equipment purchases	214,031	0
Payable:		
- not later than one year	811,498	65,774

The capital expenditure project outstanding at the end of the prior year reporting period represents the completion of the 2013/14 footpath construction program and installation of the pipeline from Wundowie to Bakers Hill

The commitment at 30 June 2015 relates to:

Capital Expenditure Commitments			
Wundowie Stage 1	\$262,645		
Roads to Recovery Clydesdale Bridge	\$108,000		
CLGF Drainage	\$226,822	\$597,467	
Plant and Equipment			
Wundowie Truck	\$74,031		
Wundowie Water Truck	\$140,000	\$214,031	

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

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

	2015 \$	2014 \$
<b>Non-current assets</b>		
Land and buildings	790,000	790,000
Less: accumulated depreciation	<u>(12,511)</u>	<u>0</u>
	<u>777,489</u>	<u>790,000</u>

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

	2015 \$	2014 \$
Governance	6,828,127	6,330,734
General purpose funding	1,205,946	1,052,999
Law, order, public safety	2,149,880	2,125,232
Health	135,334	109,115
Education and welfare	5,065,185	5,034,297
Housing	1,504,121	1,513,413
Community amenities	6,739,057	5,607,964
Recreation and culture	36,179,529	32,293,951
Transport	212,054,530	44,436,294
Economic services	6,167,944	7,605,717
Other property and services	465,000	473,592
Unallocated	12,810,690	10,362,495
	<u>291,305,343</u>	<u>116,945,803</u>

**SHIRE OF NORTHAM  
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18. FINANCIAL RATIOS	2015	2014	2013
Current ratio	2.14	1.48	1.18
Asset sustainability ratio	0.73	0.68	1.24
Debt service cover ratio	1.97	2.90	3.36
Operating surplus ratio	(0.02)	(0.12)	(0.12)
Own source revenue coverage ratio	0.69	0.71	0.63

The above ratios are calculated as follows:

Current ratio	<u>current assets minus restricted assets</u> current liabilities minus liabilities associated with restricted assets
Asset sustainability ratio	<u>capital renewal and replacement expenditure</u> Depreciation expenses
Debt service cover ratio	<u>annual operating surplus before interest and depreciation</u> principal and interest
Operating surplus ratio	<u>operating revenue minus operating expenses</u> own source operating revenue
Own source revenue coverage ratio	<u>own source operating revenue</u> operating expenses

**Notes:**

(a) Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 64 of this document.

(b) For 2015:-

- the Current, Debt Service Cover and Operating Surplus ratios, as disclosed above, are distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGS) of \$1,695,087, which was received prior to year end.

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

- the Debt Service Cover ratio as disclosed above was distorted by early repayment of the following loans:-

	\$
Loan 215	89,196
Loan 206	186,240
Loan 226	375,863
Loan 217	638,478
Loan 218	79,251
	<u>1,369,028</u>

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

	<b>2015</b>
Current ratio	1.35
Debt service cover ratio	7.29
Operating surplus ratio	0.05

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

19. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Town Hall bond	2,500	4,200	(5,200)	1,500
Lesser Hall bond	900	1,500	(1,500)	900
POS - Cash in Lieu	304,163	34,766	0	338,929
Bonds Building	35,500	0	(1,000)	34,500
Builders Registration Board	0	30,104	(30,104)	0
BCITF	0	51,706	(51,706)	0
Crossover Bond	86,892	0	(500)	86,392
Recreation Centre Bond	400	1,700	(1,700)	400
Facilities Bond	200	0	0	200
Footpath/Kerbing Deposit	93,500	33,500	(30,500)	96,500
Retentions	179,888	53,907	(64,620)	169,175
Sundry Trust	8,310	5,000	0	13,310
Standpipe Key	6,600	650	(350)	6,900
Resited Dwellings	7,200	30,000	0	37,200
Deposits - Extractive Industries	257,673	9,921	(6,047)	261,547
Other	17,983	2,547	(4,782)	15,748
Other Rental Bond	400	0	(200)	200
Animal Traps Bond	130	440	(440)	130
Storm Damage Donations	175	0	0	175
	<u>1,002,414</u>			<u>1,063,706</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
<b>Health</b>						
MV1221 - EMDS Vehicle	15,817	16,163	13,082	15,000	(2,735)	(1,163)
MV1207 - EHO Vehicle	13,317	13,317	10,000	10,000	(3,317)	(3,317)
<b>Recreation and culture</b>						
MV1212 - Rec Manager Vehicle	11,689	14,500	15,000	10,000	3,311	(4,500)
<b>Transport</b>						
9247 - 9 Tonne Truck	0	77,422	0	76,133	0	(1,289)
9216 - 3.5 Tonne Truck	0	25,000	0	31,045	0	6,045
GP1001 - Kubota Front Mower	0	17,660	0	9,990	0	(7,670)
S133 - Road Broom	0	14,827	0	7,387	0	(7,440)
MV1211 - EMES Vehicle	25,662	26,500	18,182	19,000	(7,480)	(7,500)
MV1014 - Parks & Gardens Vehicle	19,830	23,280	11,818	12,388	(8,012)	(10,892)
MV1103 - Ops Manager Utility	29,948	31,543	19,091	24,000	(10,857)	(7,543)
MV1205 - Asset Manager Utility	11,270	13,334	9,091	8,500	(2,179)	(4,834)
MV1104 - Grader Utility	2,060	2,060	9,091	10,000	7,031	7,940
<b>Land and Buildings</b>						
S222 - Wundowie Yak Lot 311	0	24,070	0	200,000	0	175,930
<b>Economic Services</b>						
S522 - Lot 160 Sims Road	300,000	0	309,091	0	9,091	0
	<u>454,593</u>	<u>299,676</u>	<u>438,946</u>	<u>433,443</u>	<u>(15,647)</u>	<u>133,767</u>
					Profit	19,433
					Loss	(35,080)
						<u>(15,647)</u>
						<u>133,767</u>

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>								
Loan #215 - Admin Office Renovations	89,196		89,196	89,196	0	0	1,980	6,758
<b>Community amenities</b>								
Loan #210 - River Dredging	12,047		12,047	9,170	0	2,877	189	346
<b>Recreation and culture</b>								
Loan #206 - Northam Country Club *	186,240		186,240	186,240	0	0	913	12,231
Loan #208 - Northam Country Club *	29,841		4,571	4,571	25,270	25,270	2,039	2,142
Loan #219 - Northam Country Club *	118,680		23,757	23,757	94,923	94,923	6,256	6,657
Loan #223 - Recreation Facilities	675,610		96,488	96,488	579,122	579,122	36,892	40,096
Loan #224 - Recreation Facilities	1,010,291		33,997	33,997	976,294	976,294	64,798	65,603
Loan #226 - Recreation Facilities	375,863		375,863	375,863	0	0	6,529	35,773
<b>Transport</b>								
Loan #221 - Airstrip Upgrade	48,570		11,051	11,051	37,519	37,519	2,796	2,925
<b>Economic services</b>								
Loan #217 - CBD Streetscape	638,478		638,478	638,478	0	0	12,102	46,276
Loan #218 - CBD Streetscape	79,251		79,251	79,251	0	0	1,466	7,199
Loan #225 - Victoria Oval Purchase	826,602		27,817	27,816	798,785	798,786	53,017	53,675
	4,090,669	0	1,578,756	1,575,878	2,511,913	2,514,791	188,977	279,681

(\* 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 2015**

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

(b) New Debentures - 2014/15

The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

The Shire established an overdraft facility of \$100,000 in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2014 and 30 June 2015 was \$nil.

SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>											
00 Non-Rateable	0.00	690	1,502,494	0	0	0	0	0	0	0	0
01 GRV - Townsite/Residential	0.1019	2,962	36,970,552	3,766,116	29,055	415	3,795,586	3,766,116	23,000	600	3,789,716
02 GRV - Northam Commercial/Industrial	0.1139	247	11,275,640	1,284,621	2,574	0	1,287,195	1,276,414	1,000	100	1,277,514
<b>Unimproved value valuations</b>											
05 Agricultural Local	0.0055	514	159,172,000	873,377	(2,313)	154	871,218	873,377	6,000	100	879,477
06 Agricultural Regional	0.0045	209	111,808,000	508,503	793	0	509,296	508,503	6,000	100	514,603
07 Rural Small Holdings	0.0063	550	96,536,000	603,929	(52)	0	603,877	603,929	4,000	100	608,029
<b>Sub-Totals</b>		5,172	417,264,686	7,036,546	30,057	569	7,067,172	7,028,339	40,000	1,000	7,069,339
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
01 GRV - Townsite/Residential	830	935	4,259,662	776,050	0	0	776,050	776,050	0	0	776,050
02 GRV - Northam Commercial/Industrial	830	47	184,818	39,010	0	0	39,010	39,010	0	0	39,010
<b>Unimproved value valuations</b>											
05 Agricultural Local	830	143	11,669,596	118,690	0	0	118,690	118,690	0	0	118,690
06 Agricultural Regional	830	203	22,932,413	168,490	0	0	168,490	168,490	0	0	168,490
07 Rural Small Holdings	830	101	12,559,000	83,830	0	0	83,830	83,830	0	0	83,830
<b>Sub-Totals</b>		1,429	51,605,489	1,186,070	0	0	1,186,070	1,186,070	0	0	1,186,070
Ex-gratia rates							8,253,242				8,255,409
Excess Rates							12,824				12,824
							15,120				0
<b>Total amount raised from general rate</b>							<b>8,281,186</b>				<b>8,268,233</b>
Specified Area Rate (refer note 23)							0				0
<b>Totals</b>							<b>8,281,186</b>				<b>8,268,233</b>



SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

(b) Information on Surplus Brought Forward

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
<b>Surplus 1 July 14 brought forward</b>	<u>5,811,966</u>	<u>3,866,776</u>	<u>3,866,776</u>
<b>Comprises:</b>			
Cash and cash equivalents			
Unrestricted	2,032,665	2,267,968	2,267,968
Restricted	9,352,769	6,955,487	6,955,487
Receivables			
Rates outstanding	874,323	717,627	717,627
Sundry debtors	1,277,154	795,312	795,312
GST receivable	175,694	0	0
Loans - clubs/institutions	30,098	214,569	214,569
Rates Debtors Legal	130,186	118,964	118,964
Emergency Services Levy	42,762	35,995	35,995
Debtors - Rubbish Charges	88,845	92,118	92,118
Debtors - Pensioner Rebates	16,222	14,700	14,700
Accrued Income	11,693	34,018	34,018
Less: Provision for Doubtful Debts	(124,729)	(37,650)	(37,650)
Inventories			
Fuel and materials	30,222	60,461	60,461
Land held for resale - cost			
Cost of acquisition	15,500	25,045	25,045
<b>Less:</b>			
Trade and other payables			
Sundry creditors	(1,202,780)	(1,896,412)	(1,896,412)
Accrued interest on debentures	(35,622)	(50,643)	(50,643)
Accrued salaries and wages	(202,109)	(149,557)	(149,557)
ATO liabilities	(130,214)	(9,621)	(9,621)
ESL Payable	(4,756)	(4,896)	(4,896)
Current portion of long term borrowings			
Secured by floating charge	(210,153)	(592,668)	(592,668)
Provisions			
Provision for annual leave	(534,837)	(490,281)	(490,281)
Provision for long service leave	(320,601)	(251,568)	(251,568)
<b>Net current assets</b>	<u>11,312,332</u>	<u>7,848,968</u>	<u>7,848,968</u>
<b>Less:</b>			
Reserves - restricted cash	(6,159,523)	(4,848,177)	(4,848,177)
Land held for resale - cost			
Cost of acquisition	(15,500)	(25,045)	(25,045)
Loans - Clubs/Institutions	(30,098)	(214,569)	(214,569)
<b>Add:</b>			
Current portion of long term borrowings			
Secured by floating charge	210,153	592,668	592,668
Leave Reserve	494,602	512,931	512,931
Leave Reserve Cash Backed	0	0	0
<b>Surplus</b>	<u>5,811,966</u>	<u>3,866,776</u>	<u>3,866,776</u>

**Difference**

There was no difference between the surplus 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR**

The Shire did not impose any specified area rates.

**24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2014/15 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate assessment	Write-Off	N/A	10,562	0

The Shire did not offer a discount on rates.

**26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%		99,276	90,000
Interest on instalments plan	5.50%		28,075	27,000
Charges on instalment plan		10	36,540	37,000
			163,891	154,000

Ratepayers had the option of paying rates in one instalment due on 8 October 2014, two equal instalments due on 8 October 2014 and 8 December 2014, or four equal instalments due on 8 October 2014, 8 December 2014, 9 February 2015 and 8 April 2015.

Administration charges and interest was applied to the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2015 \$</b>	<b>2014 \$</b>
Governance	352	908
General purpose funding	78,909	74,948
Law, order, public safety	89,144	84,787
Health	33,011	36,353
Education and welfare	114,356	188,639
Housing	42,806	33,493
Community amenities	2,511,888	2,407,907
Recreation and culture	334,832	283,035
Transport	140,076	47,538
Economic services	426,582	348,953
Other property and services	120	20,655
	<u>3,772,076</u>	<u>3,527,216</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  
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**28. GRANT REVENUE**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
Operating grants, subsidies and contributions	6,940,731	3,285,739
Non-operating grants, subsidies and contributions	3,383,030	2,332,010
	<u>10,323,761</u>	<u>5,617,749</u>
<b>By Program:</b>		
Governance	0	166
General purpose funding	5,823,640	1,676,617
Law, order, public safety	162,764	416,814
Health	0	454
Education and welfare	1,031,700	1,983,712
Community amenities	1,027,386	114,962
Recreation and culture	346,818	233,631
Transport	1,130,564	814,285
Economic services	800,889	377,108
	<u>10,323,761</u>	<u>5,617,749</u>

The operating grants revenue for 2015 included a pre-payment of \$1,281,702 for untied grants from the WA Local Government Grants Commission.

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>98</u>	<u>91</u>
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**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	169,318	182,000	182,000
President's allowance	36,636	48,000	48,000
Deputy President's allowance	7,196	12,000	12,000
Travelling expenses	11,708	13,000	10,672
ICT Expenses	32,756	35,000	35,000
	<u>257,614</u>	<u>290,000</u>	<u>287,672</u>

**31. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2014/15.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

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

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

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

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

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

	Carrying Value		Fair Value	
	2015 \$	2014 \$	2015 \$	2014 \$
<b>Financial assets</b>				
Cash and cash equivalents	11,385,434	9,223,454	11,385,434	9,223,454
Receivables	<u>2,922,285</u>	<u>2,426,517</u>	<u>2,922,285</u>	<u>2,426,517</u>
	<u>14,307,719</u>	<u>11,649,971</u>	<u>14,307,719</u>	<u>11,649,971</u>
<b>Financial liabilities</b>				
Payables	1,575,481	2,111,129	1,575,481	2,111,129
Borrowings	<u>2,511,913</u>	<u>4,090,669</u>	<u>2,864,032</u>	<u>3,721,417</u>
	<u>4,087,394</u>	<u>6,201,798</u>	<u>4,439,513</u>	<u>5,832,546</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 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**  
**(a) Cash and Cash Equivalents**

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

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

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

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	104,162	92,345
- Statement of Comprehensive Income	104,162 <sup>(1)</sup>	92,345 <sup>(1)</sup>

*Notes:*

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

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

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

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

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

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

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

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

	<b>2015</b>	<b>2014</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	80%	90%
- Overdue	20%	10%

**SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(c) Payables  
Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2015</u></b>					
Payables	1,575,481	0	0	1,575,481	1,575,481
Borrowings	366,766	1,390,581	1,978,438	3,735,785	2,511,913
	<u>1,942,247</u>	<u>1,390,581</u>	<u>1,978,438</u>	<u>5,311,266</u>	<u>4,087,394</u>
<b><u>2014</u></b>					
Payables	2,111,129	0	0	2,111,129	2,111,129
Borrowings	690,434	2,431,259	2,737,431	5,859,124	4,090,669
	<u>2,801,563</u>	<u>2,431,259</u>	<u>2,737,431</u>	<u>7,970,253</u>	<u>6,201,798</u>



SHIRE OF NORTHAM  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables  
Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year ended 30 June 2015</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	37,519	94,923	604,392	1,775,079	2,511,913	6.37%
Weighted average Effective interest rate	0.00%	0.00%	6.22%	5.90%	6.12%	6.48%		
<b>Year ended 30 June 2014</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	12,047	89,196	687,048	384,171	2,918,207	4,090,669	6.15%
Weighted average Effective interest rate	0.00%	6.12%	6.96%	5.81%	5.93%	6.23%		

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### **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 2015, 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 Management 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 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 and fair presentation 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 2015 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

## MOORE STEPHENS

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF NORTHAM (CONTINUED)  
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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) In relation to the Supplementary Ratio Information presented at page 64 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it they are not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



GREG GODWINI  
PARTNER

Signed at Perth this 19<sup>th</sup> day of November 2015.

**SHIRE OF NORTHAM  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2015**

**RATIO INFORMATION**

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Asset consumption ratio	0.92	0.75	0.77
Asset renewal funding ratio	0.99	0.92	0.88

The above ratios are calculated as follows:

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



19 November 2015

## MOORE STEPHENS

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Dear Cr Pollard

### MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2015

We advise that we have completed our audit procedures for the year ended 30 June 2015 and enclose our Audit Report.

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

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

### COMMENT ON RATIOS

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

	Target Ratio <sup>1</sup>	Actual 2015	Council's Adjusted Ratios				Council's 4 Year Trend <sup>2</sup>	3 Year Average <sup>3</sup>	
			2015	2014	2013	2012		Regional	State
Current Ratio	≥ 1	2.14	1.35*	1.48	1.18	1.14	↑	2.37	2.16
Asset Sustainability Ratio	≥ 1.1	0.73	0.74	0.68	1.24	1.25	↓	1.44	1.29
Debt Service Cover Ratio	≥ 15	1.97	7.29*	2.90	3.36	5.91	↑	11.24	14.43
Operating Surplus Ratio	≥ 0.15	(0.02)	0.05*	(0.12)	0.12	0.06	↑	(0.14)	0.04
Own Source Revenue Coverage Ratio	≥ 0.9	0.69	0.69	1.00	0.63	0.68	↓	0.57	0.69
Asset Consumption Ratio	≥ 0.75	0.92	0.92	0.75	0.77	N/A	↑	0.76	0.68
Asset Renewal Funding Ratio	≥ 1.05	0.99	0.99	0.92	0.88	N/A	↑	0.93	0.88

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

<sup>2</sup> The 4 year trend compares the 2015 ratio to the average of the adjusted ratios for the last 4 years (except for the Asset Consumption and the Asset Renewal Funding Ratios which are a 3 year trend).

<sup>3</sup> The average in relation to the Regional and State comparisons is a 3 year average of 2012, 2013 and 2014 as information in relation to 2015 is not yet available.

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

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Shire of Northam  
Heritage, Commerce and Lifestyle

## MOORE STEPHENS

### **UNCORRECTED MISSTATEMENTS**

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

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

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

Yours faithfully



GREG GODWIN  
PARTNER

Encl.