ANNUAL BUDGET 2026/27

ADOPTED 22 JULY 2026
FOR YEAR ENDING 30 JUNE 2027

SHIRE OF NARROGIN

ANNUAL BUDGET

FOR THE YEAR ENDED 30 JUNE 2027

LOCAL GOVERNMENT ACT 1995

TABLE OF CONTENTS

The Shire of Narrogin a Class 3 local government conducts the operations of a local government with the following community vision:

A leading regional economic driver and a socially interactive and inclusive community.

SHIRE OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2027

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Revenue		$	$	$
Rates	2(a)	6,662,415	6,350,374	6,347,225
Grants, subsidies and contributions		879,226	5,528,314	3,736,570
Fees and charges	15	3,792,390	3,326,115	3,629,340
Interest revenue	10(a)	532,800	610,917	645,850
Other revenue		306,862	436,404	450,820
		12,173,693	16,252,124	14,809,805
Expenses				
Employee costs		(7,749,624)	(7,021,066)	(7,455,910)
Materials and contracts		(3,871,241)	(3,814,247)	(4,146,715)
Utility charges		(806,260)	(764,582)	(1,309,760)
Depreciation	6	(4,829,440)	(4,831,672)	(4,632,150)
Finance costs	10(c)	(341,775)	(126,525)	(491,380)
Insurance		(389,974)	(383,022)	(382,870)
Other expenditure		(314,065)	(255,045)	(439,140)
		(18,302,379)	(17,196,159)	(18,857,925)
		(6,128,686)	(944,035)	(4,048,120)
Capital grants, subsidies and contributions		11,530,263	4,039,857	14,412,800
Profit on asset disposals	5	36,783	33,955	100,000
Loss on asset disposals	5	(117,766)	(23,467)	(91,400)
		11,449,280	4,050,345	14,421,400
Net result for the period		**5,320,594**	**3,106,310**	**10,373,280**
Total other comprehensive income for the period		**0**	**0**	**0**
Total comprehensive income for the period		**5,320,594**	**3,106,310**	**10,373,280**

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

SHIRE OF NARROGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2027

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts		$	$	$
Rates		6,662,415	6,264,658	6,347,225
Grants, subsidies and contributions		879,226	5,724,775	2,307,124
Fees and charges		3,792,390	3,326,115	3,629,340
Interest revenue		532,800	610,917	645,850
Goods and services tax received		765,932	1,210,653	0
Other revenue		306,862	436,404	450,820
		12,939,625	17,573,522	13,380,359
Payments				
Employee costs		(7,749,624)	(6,839,527)	(7,455,910)
Materials and contracts		(4,291,241)	(3,310,436)	(4,146,715)
Utility charges		(806,260)	(764,582)	(1,309,760)
Finance costs		(341,775)	(125,974)	(491,380)
Insurance paid		(389,974)	(383,022)	(382,870)
Goods and services tax paid		(765,932)	(1,248,522)	0
Other expenditure		(314,065)	(255,045)	(439,140)
		(14,658,871)	(12,927,108)	(14,225,775)
Net cash provided by (used in) operating activities	4	(1,719,246)	4,646,414	(845,416)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost - self supporting loans	8	0	0	(3,329,920)
Payments for purchase of property, plant & equipment	5(a)	(22,270,641)	(5,794,474)	(28,124,350)
Payments for construction of infrastructure	5(b)	(3,400,845)	(2,837,060)	(4,156,140)
Proceeds from capital grants, subsidies and contributions		8,514,767	6,008,108	14,412,800
Proceeds from disposal of property, plant and equipment	5(a)	350,000	381,011	437,000
Proceeds on financial assets at amortised cost - self supporting loans	8(a)	0	0	3,329,920
Net cash (used in) investing activities		(16,806,719)	(2,242,415)	(17,430,690)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	8(a)	(427,983)	(309,363)	(671,135)
Proceeds from new borrowings	8(a)	10,833,334	800,000	14,123,195
Payments for principal portion of lease liabilities	7	(2,535)	(30,849)	(22,330)
Net cash provided by financing activities		10,402,816	459,788	13,429,730
Net increase (decrease) in cash held		(8,123,149)	2,863,787	(4,846,376)
Cash at beginning of year		13,007,776	10,143,989	9,981,002
Cash and cash equivalents at the end of the year	4	**4,884,627**	**13,007,776**	**5,134,626**

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

SHIRE OF NARROGIN
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2027

OPERATING ACTIVITIES	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Revenue from operating activities		$	$	$
General rates	2(a)(i)	5,795,613	5,497,141	5,497,395
Rates excluding general rates	2(a)	866,802	853,233	849,830
Grants, subsidies and contributions		879,226	5,528,314	3,736,570
Fees and charges	15	3,792,390	3,326,115	3,629,340
Interest revenue	10(a)	532,800	610,917	645,850
Other revenue		306,862	436,404	450,820
Profit on asset disposals	5	36,783	33,955	100,000
		12,210,476	16,286,079	14,909,805
Expenditure from operating activities				
Employee costs		(7,749,624)	(7,021,066)	(7,455,910)
Materials and contracts		(3,871,241)	(3,814,247)	(4,146,715)
Utility charges		(806,260)	(764,582)	(1,309,760)
Depreciation	6	(4,829,440)	(4,831,672)	(4,632,150)
Finance costs	10(c)	(341,775)	(126,525)	(491,380)
Insurance		(389,974)	(383,022)	(382,870)
Other expenditure		(314,065)	(255,045)	(439,140)
Loss on asset disposals	5	(117,766)	(23,467)	(91,400)
		(18,420,145)	(17,219,626)	(18,949,325)
Non cash amounts excluded from operating activities	3(c)	4,929,373	4,838,556	4,623,550
Amount attributable to operating activities		**(1,280,296)**	**3,905,009**	**584,030**
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from capital grants, subsidies and contributions		11,530,263	4,039,857	14,412,800
Proceeds from disposal of property, plant and equipment	5(a)	350,000	381,011	437,000
Proceeds from financial assets at amortised cost - self supporting loans	8(a)	0	0	3,329,920
		11,880,263	4,420,868	18,179,720
Outflows from investing activities				
Acquisition of property, plant and equipment	5(a)	(22,270,641)	(5,794,474)	(28,124,350)
Acquisition of infrastructure	5(b)	(3,400,845)	(2,837,060)	(4,156,140)
Payments for financial assets at amortised cost - self supporting loans	8(a)	0	0	(3,329,920)
Payments for financial assets at amortised cost - term deposits		0	0	0
		(25,671,486)	(8,631,534)	(35,610,410)
Amount attributable to investing activities		**(13,791,223)**	**(4,210,666)**	**(17,430,690)**
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from new borrowings	8(a)	10,833,334	800,000	14,123,195
Transfers from reserve accounts	9(a)	1,960,445	1,548,162	1,819,360
		12,793,779	2,348,162	15,942,555
Outflows from financing activities				
Repayment of borrowings	8(a)	(427,983)	(309,363)	(671,135)
Payments for principal portion of lease liabilities	7	(2,535)	(30,849)	(22,330)
Transfers to reserve accounts	9(a)	(1,926,269)	(975,445)	(973,750)
		(2,356,787)	(1,315,657)	(1,667,215)
Amount attributable to financing activities		**10,436,992**	**1,032,505**	**14,275,340**
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus remaining at the start of the financial year	3	4,634,527	3,907,679	2,571,320
Amount attributable to operating activities		(1,280,296)	3,905,009	584,030
Amount attributable to investing activities		(13,791,223)	(4,210,666)	(17,430,690)
Amount attributable to financing activities		10,436,992	1,032,505	14,275,340
Surplus remaining after the imposition of general rates	3	**0**	**4,634,527**	**0**

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

SHIRE OF NARROGIN
FOR THE YEAR ENDED 30 JUNE 2027
INDEX OF NOTES TO THE BUDGET

1 BASIS OF PREPARATION

The annual budget of the Shire of Narrogin which is a Class 3 local government is a forward-looking document and has been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

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

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

Accounting policies which have been adopted in the preparation of this annual budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the annual budget has been prepared on the 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.

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

All monies held in the Trust Fund are excluded from the financial statements.

2025/26 actual balances
Balances shown in this budget as 2025/26 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

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

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

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

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

Initial application of accounting standards
During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.
• *AASB 2026-1 Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements*
• *AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
• *AASB 2024-3 Amendments to Australian Accounting Standards - Standards – Annual Improvements Volume 11*
• *AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity*
It is not expected these standards will have an impact on the annual budget on initial application.

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years:
• *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
• *AASB 2024-4b Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
It is not expected these standards will have an impact on the annual budget on initial application.
• *AASB 18 Presentation and Disclosure in Financial Statements*
These accounting standards will materially change the presentation of the annual financial report and annual budget

Critical accounting estimates and judgements
The preparation of the annual budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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 annual budget is a forward-looking statement and is comprised of management estimates. As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the annual budget.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:
• Fair value measurement of assets carried at reportable value including:
• Property, plant and equipment
• Infrastructure
• Expected credit losses on financial assets
• Impairment losses of non-financial assets
• Measurement of employee benefits

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in dollar	Number of properties	Rateable value*	2026/27 Budgeted rate revenue	2026/27 Budgeted interim rates	2026/27 Budgeted total revenue	2025/26 Actual total revenue	2025/26 Budget total revenue
				$	$	$	$	$	$
(i) General rates									
Urban	Gross rental valuation	0.127044	1,766	32,220,036	4,093,362	0	4,093,362	3,937,221	3,937,475
Rural	Gross rental valuation	0.120960	50	1,030,930	124,701	0	124,701	111,688	111,688
Rural Highbury	Gross rental valuation	0.120960	31	446,208	53,973	0	53,973	48,338	48,338
Rural	Unimproved valuation	0.003298	254	461,970,000	1,523,577	0	1,523,577	1,399,894	1,399,894
Total general rates			2,101	495,667,174	5,795,613	0	5,795,613	5,497,141	5,497,395
		Minimum							
(ii) Minimum payment		$							
Urban	Gross rental valuation	1,392.00	380	2,888,444	528,960	0	528,960	512,430	513,220
Rural	Gross rental valuation	1,384.00	15	84,510	20,760	0	20,760	20,240	20,240
Rural Highbury	Gross rental valuation	1,064.00	3	14,740	3,192	0	3,192	2,940	2,940
Rural	Unimproved valuation	1,230.00	243	53,308,830	298,890	0	298,890	301,350	301,350
Total minimum payments			641	56,296,524	851,802	0	851,802	836,960	837,750
Total general rates and minimum payments			2,742	551,963,698	6,647,415	0	6,647,415	6,334,101	6,335,145
(iii) Ex-gratia rates									
CBH					15,000	0	15,000	16,273	12,080
Total rates					6,662,415	0	6,662,415	6,350,374	6,347,225
Instalment plan charges							37,500	35,708	39,880
Instalment plan interest							15,000	15,620	14,490
Late payment of rate or service charge interest							67,000	88,453	59,000
							119,500	139,781	113,370

The Shire did not raise specified area rates for the year ended 30th June 2027.

*Rateable Value at time of adopting budget.

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

The general rates detailed for the 2026/27 financial year have been determined by Council on the basis of raising the revenue required to meet the estimated deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than general rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

2. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Option 1 (Full Payment)
Full amount of rates and charges including arrears, to be paid on or before 29 September 2026 or 35 days after the date of issue appearing on

Option 2 (Four Instalments)
First instalment to be made on or before 29 September 2026 or 35 days after the date of issue appearing on the rate notice, whichever is later
Second instalment to be made on or before 1 December 2026, or 2 months after the due date of the first instalment, whichever is later; and
Third instalment to be made on or before 2 February 2027, or 2 months after the due date of the second instalment, whichever is later; and
Fourth instalment to be made on or before 6 April 2027, or 2 months after the due date of the third instalment, whichever is later.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		$	%	%
Option one				
Single full payment	29/09/2026	0	0.0%	11.0%
Option two				
First instalment	29/09/2026	62.50	5.5%	11.0%
Second instalment	1/12/2026	62.50	5.5%	11.0%
Third instalment	2/02/2027	62.50	5.5%	11.0%
Fourth instalment	6/04/2027	62.50	5.5%	11.0%

(c) Objectives and Reasons for Differential Rating

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

Differential general rate

Description	Characteristics	Objects	Reasons
GRV Urban	Properties that had formerly been located in the Town of Narrogin	To allow the Shire to impose a higher rate in the dollar to the urban ward ratepayers to allow the phasing in of rate parity with urban ward ratepayers.	During the merger negotiations between the Shire and Town of Narrogin, it was agreed that the former Shire ratepayers will be allowed a 10 year period to achieve rating parity with the former Town of Narrogin ratepayers.
GRV Rural	Properties that had formerly been located in the Shire of Narrogin.	To allow the Shire to set a lower rate in the dollar to rural ward ratepayers to allow for the phasing in of rating parity over 10 years.	During the merger negotiations between the Shire and Town of Narrogin, it was agreed that the former Shire ratepayers will be allowed a 10 year period to achieve rating parity with the former Town of Narrogin ratepayers.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
GRV Rural - Highbury	Properties that had formerly been located in the Shire of Narrogin.	To allow the Shire to set a lower rate in the dollar to rural ward ratepayers to allow for the phasing in of rating parity over 10 years.	During the merger negotiations between the Shire and Town of Narrogin, it was agreed that the former Shire ratepayers will be allowed a 10 year period to achieve rating parity with the former Town of Narrogin ratepayers.

(e) Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice giving notice of the intention to charge differential rates.

Differential general rate or general rate	Proposed Rate in $	Adopted Rate in $	Reasons for the difference
GRV Urban	0.12778	0.12704	Due to changes in valuations received.
GRV Rural	0.12162	0.12096	Due to changes in valuations received.

Minimum payment	Proposed Minimum $	Adopted Minimum $	Reasons for the difference
GRV Urban	1,400	1,392	To comply with legislative requirements and accommodate changes in valuations.
GRV Rural	1,391	1,384	To comply with legislative requirements and accommodate changes in valuations.
GRV Rural - Highbury Townsite	1,070	1,064	To comply with legislative requirements and accommodate changes in valuations.

2. RATES AND SERVICE CHARGES (CONTINUED)

(f) Service Charges

The Shire did not raise service charges for the year ended 30th June 2027.

(g) Waivers or concessions

Rate, fee or charge to which the waiver or concession is granted	Type	Waiver/ Concession	Discount %	Discount ($)	2026/27 Budget	2025/26 Actual	2025/26 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
					$	$	$		
Not for profit leases	Rate	Waiver			45,000	0	45,000	Per lease agreement	Support not for profit
					45,000	0	45,000		

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2027

3. NET CURRENT ASSETS

(a) Composition of estimated net current assets

	Note	2026/27 Budget 30 June 2027 Carried forward	2025/26 Actual 30 June 2026 Carried forward	2025/26 Budget 30 June 2026 Carried forward
Current assets		$	$	$
Cash and cash equivalents	4	4,884,627	13,007,776	5,134,626
Financial assets		0	0	367,671
Receivables		645,679	645,679	1,009,504
Inventories		62,795	62,795	37,072
		5,593,101	13,716,250	6,548,873
Less: current liabilities				
Trade and other payables		(855,654)	(1,275,654)	(550,312)
Capital grant/contributions liabilities		0	(3,015,496)	(1,023,215)
Lease liabilities	7	0	(2,535)	0
Long term borrowings	8	(556,863)	(427,983)	(671,135)
Employee provisions		(777,072)	(777,072)	(813,630)
		(2,189,589)	(5,498,740)	(3,058,292)
Net current assets		3,403,512	8,217,510	3,490,581
Less: Total adjustments to net current assets	3(b)	(3,403,512)	(3,582,983)	(3,490,581)
Net current assets used in the Statement of Financial Activity		0	4,634,527	0

(b) Current assets and liabilities excluded from budgeted deficiency

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

	Note	2026/27 Budget 30 June 2027 Carried forward	2025/26 Actual 30 June 2026 Carried forward	2025/26 Budget 30 June 2026 Carried forward
Adjustments to net current assets				
Less: Reserve accounts	9	(4,400,433)	(4,434,609)	(4,161,716)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		556,863	427,983	671,135
- Current portion of lease liabilities		0	2,535	0
Add: Current liabilities covered by funds held in reserve account				
- Current portion of employee benefit provisions		440,058	421,108	0
Total adjustments to net current assets		(3,403,512)	(3,582,983)	(3,490,581)

EXPLANATION OF DIFFERENCE IN SURPLUS/(DEFICIT)

Items excluded from calculation of budgeted deficiency

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

(c) Amounts excluded from operating activities

	Note	2026/27 Budget 30 June 2027 Carried forward	2025/26 Actual 30 June 2026 Carried forward	2025/26 Budget 30 June 2026 Carried forward
		$	$	$
Less: Profit on asset disposals	5	(36,783)	(33,955)	(100,000)
Add: Loss on asset disposals	5	117,766	23,467	91,400
Add: Depreciation	6	4,829,440	4,831,672	4,632,150
Movement in current liabilities associated funds held in reserve account:				
- Current portion of employee benefit provisions		18,950	17,372	0
Non cash amounts excluded from operating activities		4,929,373	4,838,556	4,623,550

3. NET CURRENT ASSETS (CONTINUED)

(d) MATERIAL ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

PREPAID RATES

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

INVENTORIES

General

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

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

INVENTORY - LAND HELD FOR RESALE

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

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

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

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.

GOODS AND SERVICES TAX (GST)

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

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

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

CONTRACT LIABILITIES

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

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

TRADE AND OTHER RECEIVABLES

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

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

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

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

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

PROVISIONS

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2027

4. RECONCILIATION OF CASH

(a) Reconciliation of cash

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

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
		$	$	$
Cash and cash equivalents		4,884,627	13,007,776	5,134,626
Restrictions				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
Cash and cash equivalents		4,400,433	7,450,105	4,854,100
Restricted financial assets at amortised cost - term deposits		0	0	4,161,716
		4,400,433	7,450,105	9,015,816
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Reserve accounts	9	4,400,433	4,434,609	4,161,716
Contract liabilities		0	0	4,161,716
Capital grant/contributions liabilities		0	3,015,496	692,384
Total restricted financial assets		4,400,433	7,450,105	9,015,816

(b) Reconciliation of net cash provided by operating activities

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Net result		5,320,594	3,106,310	10,373,280
Non-cash items:				
Depreciation	6	4,829,440	4,831,672	4,632,150
(Profit)/loss on sale of assets	5	80,983	(10,488)	(8,600)
Changes in assets and liabilities:				
Decrease in receivables		0	72,876	0
(Increase) in inventories		0	(46,453)	0
Decrease in other assets		0	179,817	0
Increase/(decrease) in trade and other payables		(420,000)	552,537	0
Increase/(decrease) in capital grant/contributions liabilities		(3,015,496)	1,968,251	(1,429,446)
Capital grants, subsidies and contributions		(8,514,767)	(6,008,108)	(14,412,800)
Net cash provided by/(used in) operating activities		(1,719,246)	4,646,414	(845,416)

MATERIAL ACCOUNTING POLICES

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

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

FINANCIAL ASSETS AT AMORTISED COST
The Shire classifies financial assets at amortised cost if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual Cash Flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Interest received is presented under Cash Flows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2027

5. PROPERTY, PLANT AND EQUIPMENT

2026/27 Budget

	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Disposals - Loss
(a) Property, Plant and Equipment	$	$	$	$	$
Land - freehold land					0
Buildings	21,246,141	0	0	0	0
Furniture and equipment	177,500	0	0	0	0
Plant and equipment	847,000	(430,983)	350,000	36,783	(117,766)
Artwork and sculptures	0	0	0	0	0
Total	22,270,641	(430,983)	350,000	36,783	(117,766)
(b) Infrastructure					
Infrastructure - roads	2,050,745	0	0	0	0
Infrastructure - footpaths	134,000	0	0	0	0
Infrastructure - drainage	0	0	0	0	0
Infrastructure - parks, ovals and other	1,216,100	0	0	0	0
Infrastructure - bridges	0	0	0	0	0
Total	3,400,845	0	0	0	0
Total	25,671,486	(430,983)	350,000	36,783	(117,766)

2025/26 Actual

	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Disposals - Loss
(a) Property, Plant and Equipment	$	$	$	$	$
Land - freehold land					0
Buildings	4,395,618	0	0	0	0
Furniture and equipment	287,335	0	0	0	0
Plant and equipment	1,107,941	(370,523)	381,011	33,955	(23,467)
Artwork and sculptures	3,580	0	0	0	0
Total	5,794,474	(370,523)	381,011	33,955	(23,467)
(b) Infrastructure					
Infrastructure - roads	2,646,431	0	0	0	0
Infrastructure - footpaths	107,990	0	0	0	0
Infrastructure - drainage	5,643	0	0	0	0
Infrastructure - parks, ovals and other	76,996	0	0	0	0
Infrastructure - bridges	0	0	0	0	0
Total	2,837,060	0	0	0	0
Total	8,631,534	(370,523)	381,011	33,955	(23,467)

2025/26 Budget

	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Disposals - Loss
(a) Property, Plant and Equipment	$	$	$	$	$
Land - freehold land	200,000	0	0	0	0
Buildings	25,699,350	0	0	0	0
Furniture and equipment	115,400	0	0	0	0
Plant and equipment	2,109,600	(428,400)	437,000	100,000	(91,400)
Artwork and sculptures	0	0	0	0	0
Total	28,124,350	(428,400)	437,000	100,000	(91,400)
(b) Infrastructure					
Infrastructure - roads	2,695,980	0	0	0	0
Infrastructure - footpaths	183,010	0	0	0	0
Infrastructure - drainage	10,000	0	0	0	0
Infrastructure - parks, ovals and other	580,150	0	0	0	0
Infrastructure - bridges	687,000	0	0	0	0
Total	4,156,140	0	0	0	0
Total	32,280,490	(428,400)	437,000	100,000	(91,400)

MATERIAL ACCOUNTING POLICIES

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

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

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

6. DEPRECIATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
By Class			
Buildings - specialised	1,579,250	1,579,980	1,555,880
Furniture and equipment	108,649	108,699	35,885
Plant and equipment	738,092	738,433	625,510
Library stock	0	0	35,585
Infrastructure - roads	1,070,498	1,070,993	1,025,370
Infrastructure - footpaths	137,238	137,301	132,515
Infrastructure - drainage	442,500	442,705	443,255
Infrastructure - parks, ovals and other	507,084	507,318	502,940
Infrastructure - bridges	246,129	246,243	246,550
Right of use - buildings	0	0	28,660
	4,829,440	4,831,672	4,632,150
By Program			
Governance	41,030	40,983	41,030
Law, order, public safety	80,344	80,245	77,325
Education and welfare	81,087	80,987	79,805
Housing	27,663	27,628	56,320
Community amenities	85,466	85,365	85,215
Recreation and culture	1,507,001	1,511,655	1,386,425
Transport	2,137,552	2,134,894	2,095,365
Economic services	229,161	229,060	223,545
Other property and services	640,136	640,855	587,120
	4,829,440	4,831,672	4,632,150

MATERIAL ACCOUNTING POLICIES

DEPRECIATION
The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the 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.

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

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

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

Furniture and equipment	5 to 10 years
Plant and equipment	5 to 20 years
Library stock	5 years
Infrastructure - roads	20 to 50 years
Infrastructure - footpaths	50 years
Infrastructure - drainage	50 to 75 years
Infrastructure - parks, ovals and other	10 to 25 years
Infrastructure - bridges	75 to 100 years
Right of use - buildings	Based on the remaining lease

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

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

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

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal 1 July 2026	2026/27 Budget New Leases	2026/27 Budget Lease Principal Repayments	Budget Lease Principal outstanding 30 June 2027	2026/27 Budget Lease Interest Repayments	Actual Principal 1 July 2025	2025/26 Actual New Leases	2025/26 Actual Lease Principal repayments	Actual Lease Principal outstanding 30 June 2026	2025/26 Actual Lease Interest repayments	Budget Principal 1 July 2025	2025/26 Budget New Leases	2025/26 Budget Lease Principal repayments	Budget Lease Principal outstanding 30 June 2026	2025/26 Budget Lease Interest repayments
					$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
8 Parry Court, Narrogin	2	Elders	1.3%	36 months	0	0	0	0	0	8,700	0	(8,700)	0		3,765	0	(3,765)	0	(20)
68 Williams Road, Narrogi	3	Private	1.3%	60 months	2,535	0	(2,535)	0	(270)	24,684	0	(22,149)	2,535	0	29,617	0	(18,565)	11,052	(250)
					2,535	0	(2,535)	0	(270)	33,384	0	(30,849)	2,535	0	33,382	0	(22,330)	11,052	(270)

MATERIAL ACCOUNTING POLICIES

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

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

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

8. BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget Principal 1 July 2026	2026/27 Budget New Loans	2026/27 Budget Principal Repayments	Budget Principal outstanding 30 June 2027	2026/27 Budget Interest Repayments	Actual Principal 1 July 2025	2025/26 Actual New Loans	2025/26 Actual Principal Repayments	Actual Principal outstanding 30 June 2026	2025/26 Actual Interest Repayments	Budget Principal 1 July 2025	2025/26 Budget New Loans	2025/26 Budget Principal Repayments	Budget Principal outstanding 30 June 2026	2025/26 Budget Interest Repayments
				$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Industrial Land	127	WATC	4.5%	30,956	0	(15,136)	15,820	(1,219)	45,436	0	(14,480)	30,956	(2,054)	45,437	0	(14,480)	30,957	(2,285)
Administration Building	128	WATC	2.7%	0	0	0	0	0	50,601	0	(50,601)	0	(1,072)	50,601	0	(50,600)	1	(1,525)
Accommodation Units	129	WATC	2.0%	112,518	0	(36,751)	75,767	(2,099)	148,534	0	(36,016)	112,518	(3,278)	148,534	0	(36,015)	112,519	(3,965)
TWIS Distribution Pipeline	130	WATC	1.5%	93,294	0	(18,116)	75,178	(1,305)	111,147	0	(17,853)	93,294	(1,956)	111,147	0	(17,850)	93,297	(2,400)
Staff Housing	132	WATC	4.8%	434,151	0	(18,521)	415,630	(20,741)	451,809	0	(17,658)	434,151	(23,196)	451,809	0	(17,660)	434,149	(24,805)
Accommodation Units	133	WATC	4.5%	335,414	0	(41,738)	293,676	(14,691)	375,328	0	(39,914)	335,414	(17,828)	375,328	0	(39,915)	335,413	(19,255)
Caravan Park Units	134	WATC	4.4%	1,377,532	0	(127,893)	1,249,639	(58,974)	1,500,000	0	(122,468)	1,377,532	(69,453)	1,500,000	0	(122,465)	1,377,535	(74,060)
NRLC Energy Efficiency	136	WATC	5.4%	535,000	0	(41,644)	493,356	(28,233)	0	535,000	0	535,000	(457)	0	1,937,860	0	1,937,860	0
Housing Project	137	WATC	5.4%	0	7,500,000	(106,653)	7,393,347	(201,773)	0	0	0	0	0	0	7,500,000	(105,235)	7,394,765	(206,250)
Hawks Football Pavilion	tba	WATC	5.4%	0	1,333,334	0	1,333,334	0	0	0	0	0	0	0	1,333,335	0	1,333,335	0
27 Egerton Street purchase	135	WATC	5.0%	254,627	0	(21,531)	233,096	(12,470)	0	265,000	(10,373)	254,627	(7,231)	0	265,000	(24,000)	241,000	(5,300)
NRLC Roof Purlin Replacement	tba	WATC	tba	0	2,000,000	0	2,000,000	0	0	0	0	0	0	0	0	0	0	0
				3,173,492	10,833,334	(427,983)	13,578,843	(341,505)	2,682,855	800,000	(309,363)	3,173,492	(126,525)	2,682,856	11,036,195	(428,220)	13,290,831	(339,845)
Self Supporting Loans																		
SES and BFB Facilities	tba	WATC	4.9%	0	0	0	0	0	0	0	0	0	0	0	3,087,000	(242,915)	2,844,085	(151,265)
				0	0	0	0	0	0	0	0	0	0	0	3,087,000	(242,915)	2,844,085	(151,265)
				3,173,492	10,833,334	(427,983)	13,578,843	(341,505)	2,682,855	800,000	(309,363)	3,173,492	(126,525)	2,682,856	14,123,195	(671,135)	16,134,916	(491,110)

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.
The self supporting loan(s) repayment will be fully reimbursed.

8. BORROWINGS (CONTINUED)

(b) New borrowings - 2026/27

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	$	$	$	$
Housing Project	WATC	Debenture	20	5.38%	7,500,000	4,837,025	7,500,000	0
Hawks Football Pavilion	WATC	Debenture	20	5.38%	1,333,334	408,158	1,333,334	0
NRLC Roof Purlin Replacement	WATC	Debenture	20	5.38%	2,000,000	1,289,873	2,000,000	0
					10,833,334	6,535,056	10,833,334	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2026 nor is it expected to have unspent borrowing funds as at 30th June 2027.

(d) Credit Facilities

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	400,000	400,000	400,000
Bank overdraft at balance date	0	0	0
Credit card limit	27,500	27,500	27,500
Credit card balance at balance date	0	0	0
Total amount of credit unused	427,500	427,500	427,500
Loan facilities			
Loan facilities in use at balance date	13,578,843	3,173,492	16,134,916

MATERIAL ACCOUNTING POLICIES

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.
Borrowings fair values are based on discounted cash flows using a current borrowing rate.

9. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2026/27 Budget				2025/26 Actual				2025/26 Budget			
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by council												
(a) Employee Entitlement reserve	421,108	18,950	0	440,058	403,736	17,372	0	421,108	403,736	20,870	0	424,606
(b) Refuse reserve	952,392	42,858	(165,000)	830,250	951,455	85,937	(85,000)	952,392	951,455	94,165	(85,000)	960,620
(c) Community Assisted Transport (CAT) Vehicle reserve	5,914	266	0	6,180	15,258	5,656	(15,000)	5,914	15,258	5,790	(15,000)	6,048
(d) Building reserve	174,849	7,868		182,717	167,636	7,213	0	174,849	167,636	8,665	0	176,301
(e) Regional Recreational Leisure Centre reserve	272,265	162,484	(250,000)	184,749	596,596	75,669	(400,000)	272,265	596,596	80,830	(150,000)	527,426
(f) Plant, Vehicle and Equipment reserve	389,672	662,535	(546,000)	506,207	181,280	527,800	(319,408)	389,672	181,280	529,370	(445,500)	265,150
(g) Economic Development reserve	414,464	937,119	(210,723)	1,140,860	833,597	35,867	(455,000)	414,464	833,597	43,075	(565,000)	311,672
(h) IT & Office Equipment reserve	16,829	757		17,586	29,558	1,271	(14,000)	16,829	29,558	1,525	0	31,083
(i) Tourism and Area Promotion reserve	91,850	4,167		96,017	88,061	3,789	0	91,850	88,061	4,550	0	92,611
(j) CHCP reserve	754,758	33,964	(788,722)	0	723,623	31,135	0	754,758	723,623	37,390	(300,130)	460,883
(k) Road Works reserve	391,237	17,606	0	408,843	375,098	43,139	(27,000)	391,237	375,098	19,380	0	394,478
(l) Asset valuation reserve	37,185	1,687	0	38,872	35,651	1,534	0	37,185	35,651	1,840	0	37,491
(m) CHSP reserve	0	0	0	0	215,904	9,290	(225,194)	0	215,904	11,155	(227,030)	29
(n) Landcare reserve	88,963	4,154	0	93,117	92,541	3,982	(7,560)	88,963	92,541	4,780	0	97,321
(o) Narrogin Airport reserve	185,210	8,334	0	193,544	153,602	31,608	0	185,210	153,602	32,935	0	186,537
(p) Bridges reserve	113,109	4,916	0	118,025	95,980	17,129	0	113,109	95,980	44,960	(31,700)	109,240
(q) Water Reuse Scheme reserve	94,159	2,225	0	96,384	32,750	61,409	0	94,159	32,750	16,690	0	49,440
(r) Disaster Recovery reserve	30,645	16,379	0	47,024	15,000	15,645	0	30,645	15,000	15,780	0	30,780
	4,434,609	1,926,269	(1,960,445)	4,400,433	5,007,326	975,445	(1,548,162)	4,434,609	5,007,326	973,750	(1,819,360)	4,161,716

(b) Reserve Accounts - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Restricted by legislation		
Restricted by council		
(a) Employee Entitlement reserve	Ongoing	To fund current and past employee's leave entitlements and redundancy payouts.
(b) Refuse reserve	Ongoing	To fund infrastructure development and rehabilitation costs associated with the Shire's tip site as well the purchase and development a regional waste facility.
(c) Community Assisted Transport (CAT) Vehicle reserve	Ongoing	To fund the replacement/change over of the CATS vehicle.
(d) Building reserve	Ongoing	To support the acquisition, upgrade or enhancements of buildings within the district.
(e) Regional Recreational Leisure Centre reserve	Ongoing	To fund RRLC (NRLC) additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items.
(f) Plant, Vehicle and Equipment reserve	Ongoing	To support the purchase/replacement of motor vehicles, and heavy plant and equipment.
(g) Economic Development reserve	Ongoing	To fund economic development projects that will benefit the district.
(h) IT & Office Equipment reserve	Ongoing	To fund the purchase and upgrade of computer equipment, software and office equipment.
(i) Tourism and Area Promotion reserve	Ongoing	For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.
(j) CHCP reserve	30/06/2027	To store unspent C.H.C.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
(k) Road Works reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for roads within the Shire.
(l) Asset valuation reserve	Ongoing	To fund asset valuations.
(m) CHSP reserve	Ongoing	To store unspent C.H.S.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
(n) Landcare reserve	Ongoing	To fund future natural resource management activities aligned with the principles established in the former NLCDC letter dated 6/6/17 (ICR1712270).
(o) Narrogin Airport reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding to the Narrogin Airport.
(p) Bridges reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for bridges within the Shire.
(q) Water Reuse Scheme reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for infrastructure enabling the re-use of water resources.
(r) Disaster Recovery reserve	Ongoing	For the purpose of considering declared natural disaster relief efforts affecting communities within the State of WA or Interstate either through the City of Perth's Lord Mayor Distress Relief Fund or other recognised charitable relief funds, as authorised by resolution of Council and Council Policy No 5.7.

10. OTHER INFORMATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
The net result includes as revenues	$	$	$
(a) Interest earnings			
Investments	447,800	504,116	569,250
Late payment of fees and charges *	3,000	2,728	3,110
Other interest revenue	82,000	104,073	73,490
	532,800	610,917	645,850
* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5.5%.			
The net result includes as expenses			
(b) Auditors remuneration			
Audit services	103,500	100,906	103,500
	103,500	100,906	103,500
(c) Interest expenses (finance costs)			
Borrowings (refer Note 8(a))	341,505	126,525	491,110
Interest on lease liabilities (refer Note 7)	270	0	270
	341,775	126,525	491,380
(d) Write offs			
General rate	500	1,668	520
	500	1,668	520

11. COUNCIL MEMBERS REMUNERATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
President			
President's allowance	28,058	26,979	26,980
Meeting attendance fees	23,867	22,949	22,950
Annual allowance for ICT expenses	1,921	1,847	1,846
Superannuation contribution payments	6,231	5,992	4,230
	60,077	57,767	56,006
Deputy President			
Deputy President's allowance	7,015	6,745	6,745
Meeting attendance fees	10,769	10,355	10,355
Annual allowance for ICT expenses	606	583	583
Superannuation contribution payments	2,134	2,052	1,545
	20,524	19,735	19,228
Council member 3			
Meeting attendance fees	10,769	10,355	10,355
Annual allowance for ICT expenses	972	935	936
Superannuation contribution payments	1,292	1,243	1,245
	13,033	12,533	12,536
Council member 4			
Meeting attendance fees	10,769	10,355	10,355
Annual allowance for ICT expenses	606	583	583
Superannuation contribution payments	1,292	1,243	1,245
	12,667	12,181	12,183
Council member 5			
Meeting attendance fees	10,769	10,355	10,355
Annual allowance for ICT expenses	606	583	583
Superannuation contribution payments	1,292	1,243	1,245
	12,667	12,181	12,183
Council member 6			
Meeting attendance fees	10,769	10,355	10,355
Annual allowance for ICT expenses	606	583	583
Superannuation contribution payments	1,292	1,243	1,245
	12,667	12,181	12,183
Council member 7			
Meeting attendance fees	10,769	10,355	10,355
Annual allowance for ICT expenses	972	935	936
Superannuation contribution payments	1,292	1,243	1,245
	13,033	12,533	12,536
Total Council Member Remuneration	144,668	139,111	136,855
President's allowance	28,058	26,979	26,980
Deputy President's allowance	7,015	6,745	6,745
Meeting attendance fees	88,481	85,079	85,080
Annual allowance for ICT expenses	6,289	6,049	6,050
Superannuation contribution payments	14,825	14,259	12,000
	144,668	139,111	136,855

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Housing Project

(a) Details

Construction of housing in Narrogin for workers accommodation and Government Regional Officer Housing.

(b) Statement of Comprehensive Income

	2025/26 Actual	2026/27 Budget	2027/28 Forecast	2028/29 Forecast	2029/30 Forecast	2030/31 Forecast	2031/32 Forecast
	$	$	$	$	$	$	$
Revenue							
Fees and charges	0	52,000	655,000	681,200	708,448	736,786	766,257
	0	52,000	655,000	681,200	708,448	736,786	766,257
Expenditure							
Loan interest	0	(201,772)	(394,860)	(382,755)	(369,989)	(356,529)	(342,333)
Materials and contracts	0	(10,000)	(144,560)	(150,342)	(156,356)	(162,610)	(169,115)
	0	(211,772)	(539,420)	(533,097)	(526,345)	(519,139)	(511,448)
NET RESULT	0	(159,772)	115,580	148,103	182,103	217,647	254,810
Other comprehensive income							
Changes on revaluation of non-current assets	0	0	0	0	0	0	0
Total other comprehensive income	0	0	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	0	(159,772)	115,580	148,103	182,103	217,647	254,810

No other revenue or expenditure has been used in the pricing structure other than what is included in the income statement above.

13. REVENUE AND EXPENDITURE

(a) Revenue and Expenditure Classification

REVENUES

RATES
All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum payment, interim rates, back rates, ex-gratia rates, less discounts offered.
Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

GRANTS, SUBSIDIES AND CONTRIBUTIONS
All amounts received as grants, subsidies and contributions that are not capital grants.

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

REVENUE FROM CONTRACTS WITH CUSTOMERS
Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

FEES AND CHARGES
Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.
Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

SERVICE CHARGES
Service charges imposed under *Division 6 of Part 6 of the Local* Government Act 1995. Regulation 54 of the Local Government *(Financial Management) Regulations 1996* identifies the charges which can be raised. These are television and radio broadcasting, underground electricity and neighbourhood surveillance services and water.
Exclude rubbish removal charges which should not be classified as a service charge. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

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

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

PROFIT ON ASSET DISPOSAL
Gain on the disposal of assets including gains on the disposal of long-term investments.

EXPENSES

EMPLOYEE COSTS
All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.
Note: *AASB 119 Employee Benefits* provides a definition of employee benefits which should be considered.

MATERIALS AND CONTRACTS
All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses (such as telephone and internet charges), advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.
Local governments may wish to disclose more detail such as contract services, consultancy, information technology and rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER)
Expenditures made to the respective agencies for the provision of power, gas or water.
Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

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

LOSS ON ASSET DISPOSAL
Loss on the disposal of fixed assets.

DEPRECIATION ON NON-CURRENT ASSETS
Depreciation and amortisation expenses raised on all classes of assets.

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

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

13. REVENUE AND EXPENDITURE (CONTINUED)

(b) Revenue Recognition

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/ Warranties	Timing of Revenue recognition
Grant contracts with customers	Community events.	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works

14. PROGRAM INFORMATION

Key Terms and Definitions - Reporting Programs

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

OBJECTIVE	ACTIVITIES
Governance To provide a decision making process for the effective allocation for scarce resources.	Includes the activities of members of council and administration support available to the Council for provision for governance of the district. Other costs relate to the task of assisting elected members and electors on matters which do not concern specific Shire services.
General purpose funding To collect revenue to allow for the provisions of infrastructure and services.	Rates, general purpose government grants and interest revenue.
Law, order, public safety To provide services to help ensure a safer community.	Supervision and enforcement of various local laws, fire prevention, animal control and other aspects of public safety including emergency services.
Health To provide an operational framework for environmental and community health.	Inspect food outlets and their control, noise control and waste disposal compliance.
Education and welfare To provide services to the disadvantaged, the elderly, children and youth.	Preschool and other education, children and youth services, elderly and disadvantaged, senior citizen services.
Housing To provide housing to senior employees.	Provision of staff housing.
Community amenities To provide services required by the community.	Rubbish collection services, operation of refuse disposal site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning scheme, cemetery and public conveniences.
Recreation and culture To provide recreational and cultural services to the community.	Maintain public halls, civic centres, aquatic centre, recreational centre and various sporting facilities, Provisions and maintenance of parks, gardens and playgrounds. Operations of Library, museum and other cultural facilities.
Transport To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots parking facilities. Purchase of plant and equipment.
Economic services To promote the Shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, and standpipes. Building Control.
Other property and services To monitor and control the Shire's overheads operation accounts and town planning scheme.	Private works operation, plant repair and operation costs, administration overheads, community development overheads and gross salary and wages.

15. FEES AND CHARGES

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
By Program:			
Governance	300	0	310
General purpose funding	47,650	73,300	49,350
Law, order, public safety	31,050	26,608	32,800
Health	39,000	26,452	40,890
Education and welfare	278,500	217,073	133,550
Housing	78,000	28,176	375,420
Community amenities	1,548,290	1,496,567	1,360,230
Recreation and culture	540,350	659,316	654,870
Transport	5,500	5,347	2,610
Economic services	1,176,750	762,070	901,680
Other property and services	47,000	31,206	77,630
	3,792,390	3,326,115	3,629,340

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