SHIRE OF CARNARVON

MINUTES

SPECIAL COUNCIL MEETING
FRIDAY 28 AUGUST 2026

CONFIRMATION OF MINUTES
These minutes were confirmed by the Council on
Type date here
as a true and accurate record

Chairman

Shire Council Chambers
Stuart Street Carnarvon,
West Australia
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INFORMATION ON PUBLIC TIME

The following information is provided for members of the public wishing to participate in Ordinary or Special Council Meetings.

PUBLIC QUESTION TIME

Consistent with the Local Government Act, Administration Regulations and Shire By-Laws, the following information is provided for members of the public wishing to ask questions at Ordinary or Special Council Meetings:

- Public Question Time will be conducted for up to 15 minutes but can be extended by resolution of the Council.
- Questions at ordinary council meetings are limited to matters affecting the local government.
- Questions at special council meetings are limited to the purpose of that special council meeting.
- Members of the public are encouraged (but not required) to submit questions in advance or complete a Question Time form to assist with meeting administration.
- Questions submitted in writing prior to the meeting may assist in the preparation of a response; however, a question is only formally considered when it is asked at the meeting, unless otherwise dealt with as correspondence.
- The member of the public must first state their name and residential address, prior to asking their question.
- Each member of the public may ask up to two questions initially, after which other members of the public will be invited to ask their questions. Each member of the public has up to two minutes to ask their question(s).
- Questions must be clear, concise and asked as a question. The Presiding Member may refuse to accept questions that are:
  - defamatory, offensive, or questioning the competency of staff or Council members.
  - statements not framed as a question.
  - substantially the same as a question previously asked and answered.
- Conditional on time being availability, and an equal and fair opportunity being provided to others to ask their question(s) and receive their response(s), then Meeting Procedures Local Law 2021, 6.7(5) is interpreted as allowing the Presiding Member to permit a member of the public to ask additional questions beyond their initial two.
- The Presiding Member may nominate a Member or Officer to respond or may determine that a question be taken on notice.
- When a question is taken on notice, a written response will be provided, and a summary of that response will be included in the next Ordinary Council meeting agenda.
- If the Member or Officer allocated to answer the question has a financial or proximity interest, they must declare their interest and the question will then be responded to by another person.
- No debate or discussion is permitted in relation to any question or answer.
- A summary of each question and response will be included in the minutes of the meeting (Local Government (Administration) Regulations 1996 – r.11(e)).

PUBLIC DEPUTATION TIME

- As per Meeting Procedures Local Law 2021, Members of the public may request to make a deputation to address the Council on a matter. A deputation must be approved either:
  - in advance by the CEO; or
  - by the Presiding Member at the meeting
- The Deputation is not to exceed; five persons in total; more than two speakers; or to address the Council for more than ten minutes.
- Council may however approve; up to five persons to address the Council; and for the deputation's address to extend beyond 10 minutes.
- Deputations made at special council meetings are limited to the purpose of that special council meeting.
- The Presiding Member may rule that a delegation no longer continue if it:
  - includes defamatory remarks, offensive, language or questioning the competency of staff or Council members; or
  - diverts from the substance or direction of its deputation application.
- Where a matter is the subject of a deputation, the Council will not determine the matter until the deputation has completed its presentation.

SPECIAL MEETINGS OF COUNCIL

Members of the public are welcome to attend a Special Meeting of Council if open and may participate in Public Question Time or, with approval, make a deputation to the Council. Questions and deputations must relate to the purpose of the Special Meeting (Local Government Act 1995 – s.5.23; Local Government (Administration) Regulations 1996 – r.12(4); Meeting Procedures Local Law 2021 – cl. 6.9).

INDEX

The meeting was declared open by the Presiding Member at 09.00am

The Shire of Carnarvon acknowledges and respects the Yinggarda (Carnarvon) and Baiyungu (Coral Bay) as the traditional custodians of the lands where we live and work. We pay our respects to Elders, past, present and emerging. The Shire of Carnarvon is committed to honouring the traditional custodians' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

1 ATTENDANCES, APOLOGIES & APPROVED LEAVE OF ABSENCE

(Regulation 11 of the Local Government (Administration) Regulations 1996 requires recording Council or Committee Members present and relevant Member entry and departure times. Members authorised to attend electronically under regulations 14C and 14CA are taken to be present and will be identified accordingly.)

Attendance

Members

Cmm Martin Aldridge .... Commissioner *(Electronic)*

Executive Administration

Mrs Amanda Dexter .... Chief Executive Officer
Mr Stefan Louw .... Executive Manager, Community Planning & Sustainability
Mrs Amanda Leighton .... Executive Manager, Corporate Strategy & Performance
Miss Stephanie Leca .... Executive Manager, Lifestyle & Community
Mr Colm Stanley .... Executive Manager, Infrastructure Services

Staff in Attendance

Mr Jamie Bone .... Executive Business Manager
Mr Mark Davis .... Lead Strategic Projects Manager *(Electronic)*
Miss Racheal King .... Governance, Risk & Compliance Manager *(Electronic)*
Mr Jasper Benthien .... Executive Services Coordinator *(Electronic)*
Miss Billie O'Sullivan .... Executive Services Officer, Corporate Strategy & Performance

Apologies

Nil

Leave of Absence

Nil

Press .... Yousuf Shameel (ABC News)
Public .... Mr Paul Kelly; Mr Marco Ferreirinha

2 DECLARATIONS OF INTEREST

(Elected Members and Officers are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

Nil

3 PUBLIC TIME

Public Time commenced at 09.03am

3.1 PUBLIC QUESTION TIME

(Questions and responses are recorded as summaries in accordance with regulation 11(e) of the Local Government (Administration) Regulations 1996. Questions submitted in writing have been summarised where required, without altering their substance or intent. Where a submission contained multiple questions, those questions have been separated and numbered individually for clarity.)

Mr Paul Kelly asked the following two questions of Council.

Question One – "Do you consider the Shire's current financial position and operating model to be sustainable over the medium and longer term and if so, what are the principal assumptions upon which that assessment is based?"

<u>Response provided at the Special Meeting of Council</u>
Council advised that the adopted budget position was considered financially sustainable and balanced for the 2026/27 financial year, notwithstanding the proposed drawdown from reserves and increase in borrowings.

Council explained that the Shire's medium and long-term financial position would depend significantly on decisions made by the future Council. Priority areas identified included:

- reviewing the Shire's Revenue Strategy, particularly its rating approach;
- ensuring the rating model is equitable and supports the Long-Term Financial Plan;
- completing the major review of the Strategic Community Plan; and
- aligning the Long-Term Financial Plan and Revenue Strategy with Council and community priorities.

The Chief Executive Officer added that the Shire was beginning to address long-standing asset renewal and service-delivery pressures, including through investment in replacement plant, capital maintenance, externally funded projects and waste-management infrastructure. The Chief Executive Officer noted that further work would be required with the future Council to improve asset management and long-term financial sustainability.

Question Two – "What areas of concern need to be addressed in the short to medium term to place the Shire on a demonstrably sustainable financial footing?"

<u>Response provided at the Special Meeting of Council</u>
Council identified the following priority areas:

- improving the Shire's long-term rating and revenue approach;
- aligning the Strategic Community Plan, Long-Term Financial Plan and future Annual Budgets;
- addressing ageing and unserviceable plant and the broader asset renewal backlog;
- improving the Shire's capacity to fund infrastructure renewal;
- investing in waste-management infrastructure and other essential services;
- building reserve balances and limiting future debt where practicable;
- improving community understanding of the revenue required to maintain Shire services; and
- seeking government assistance and alternative revenue sources for major infrastructure projects beyond the Shire's current financial capacity.

Council noted that asset renewal remains a wider challenge across the local government sector because rates revenue alone may not be sufficient to support depreciation and long-term asset replacement. Council further advised that these matters should be a priority for the incoming Council as part of its strategic and financial planning.

There were no further questions from the public.

3.2 PUBLIC DEPUTATION TIME

No deputations were received for this meeting

Public Time was closed at 09.09am

4 DEPARTMENTAL REPORTS

4.1 CORPORATE & FINANCIAL

4.1.1 PRESENTATION OF DRAFT 2026/27FY ANNUAL BUDGET

File No:	ADM0027
Location/Address:	N/A
Name of Applicant:	Shire of Carnarvon
Name of Owner:	N/A
Author(s):	Racheal King, Governance, Risk & Compliance Manager
Authoriser:	Amanda Leighton, Executive Manager, Corporate Strategy & Performance
Declaration of Interest:	Nil
Voting Requirement:	Absolute Majority
Previous Report:	OCM 28/07/2026
Schedules:	1. Shire of Carnarvon 2026/27 Statutory Budget 2. Objects_and_Reasons_2026-2027_Differential_Rates 3. Advertisement to Impose Rates

Authority/Discretion:

☐	**Advocacy**	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
☑	**Executive**	The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets
☐	**Legislative**	Includes adopting local laws, town planning schemes and policies.
☐	**Information**	Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).
☐	**Quasi-judicial**	When Council determines an application / matter that directly affects a person’s right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses

Summary of Report

Council is requested to adopt the Shire of Carnarvon 2026/2027 Annual Budget, together with supporting schedules, including the:

1. Differential Rates, Special Area Rates, Minimum Payments and Instalment Payment Arrangements;
2. Relevant Fees and Charges;
3. Elected Member Sitting Fees and Allowances;
4. Borrowings;
5. Reserve Movements; and
6. Materiality Threshold for Variance Reporting;

required to support the Shire’s operations throughout the financial year.

Background

Section 6.2 of the *Local Government Act 1995* requires that during the period 1 June and 31 August each year, the local government to prepare and adopt a financial year budget for its municipal fund.

The preparation of the Shire's 2026/27 Annual Budget has occurred during a period of significant governance transition, with the Shire having received *Order 2026, Local Government (Carnarvon Declaration of Vacancies and Appointment of Commissioner Hon Martin Aldridge*) on 26 May 2026. This transition task has resulted in a delay with some of the statutory processing and activities required to finalise the Budget.

The 2026/27 Annual Budget and supporting documentation were prepared by the Administration in consultation with all departments across the organisation and reviewed by Executive and Council through a series of budget workshops and Councillor briefing sessions. A key component of the budget process is the determining of the budget deficiency to be funded through the levying of Council rates.

At the 30 June 2026 Ordinary Council Meeting, Council determined an estimated budget deficiency and approved the advertising of the proposed rates in the dollar for 2026/27 for public comment and information (see resolution below):

COUNCIL RESOLUTION OCM 01/06/26

Moved: **Cmm Martin Aldridge**

OFFICER'S RECOMMENDATION

That Council by Simple Majority;

1. ***Approves the giving of local public notice of the proposed 2026/27 differential general rates and minimum payments set out in the table below and invites electors or ratepayers to lodge submissions about this proposal within 21 days from the date of notice:***

DIFFERENTIAL RATING CATEGORY	*MINIMUM PAYMENT PROPOSED*	*RATE IN THE DOLLAR ($) PROPOSED*
GRV Residential	***$1,580***	***11.7000 cents***
GRV Commercial/Industrial	***$1,580***	***12.6180 cents***
GRV Special Use/Rural	***$1,580***	***12.5920 cents***
UV Mining	***$1,580***	***31.8400 cents***
UV Pastoral	***$1,580***	***14.0150 cents***
UV Intensive Horticulture	***$1,580***	***2.9850 cents***

2. ***Adopts the Objects and Reasons – Differential Rates 2026/27 for the purpose of public advertising under section 6.36 of the Local Government Act 1995; and***
3. ***Requests, Following the close of the public submission period, the Chief Executive Officer to report back to Council, presenting any submissions for formal consideration.***

FOR: Cmm Martin Aldridge
AGAINST: Nil

CARRIED BY SIMPLE MAJORITY 1/0

Public notice and advertising of the Differential Rates proposed and the Objects and Reasons occurred on the following dates:

- 1 July – Shire Website, Library and Administration Notice Boards and Shire's Facebook Page – noting 2, 912 views;
- 8,15,22 & 23 July – Midwest Times Newspaper; and
- 22 July – Shire's Facebook Page – noting 847 views.

Public submissions closed on 23 July 2026 with four submissions received. These submissions were considered by Council at its 28 July 2026 meeting.

Following consideration of the submissions, the Council resolved to proceed with the proposed rating model and seek the required approval from the Minister for Local Government. The application was submitted on 30 July 2026, and Ministerial approval was granted on 21 August 2026.

In addition to the four Differential Rates public comments received, a petition (as provided by the Shire's Meeting Procedures Local Law 2021) concerning the proposed 2026/27 rate increase was also submitted to the Shire. The petition was presented to Council at its Ordinary Council Meeting of 25 August 2026, where Council resolved to *"consider the request and matters raised in the petition as part of Council's deliberations when determining the differential general rates, minimum payments and Annual Budget for the 2026/27 financial year".*

Completion of the differential-rating process has enabled the approved rating framework to be incorporated into the 2026/27 Annual Budget. The budget is now presented for adoption within the statutory timeframe prescribed by section 6.2 of the Act.

Stakeholder and Public Consultation

EXTERNAL

- Moore Australia provided professional financial services to support the Administration in the preparation and compilation of the 2026/27 Annual Budget and associated statutory budget documentation;
- Ordinary Meeting of Council held on 30 June 2026 - Approved (resolution OCM 13/06/26) local public notice of the *Objects and Reasons – Differential Rates 2026/27;*
- Ordinary Meeting of Council held on 30 June 2026 – Fees and Charges were adopted per Council resolution OCM 08/06/26 and these were subsequently advertised on 1 July 2026;
- Public notice of proposed differential rates was issued in accordance with Section 6.36 of the Act on the 1 July 2026;
- Ordinary Meeting of Council held on 28 July 2026 – Per Council Resolution OCM 11/07/26, considered the Public Submissions received on the Council's intention to impose Differential Rates and Minimum Payments for the Annual Budget 2026/27;
- Following the consideration of the submissions received at the 28 July 2026 Ordinary Meeting of Council, application was made to the Minister for approval of Differential Rates on 30 July 2026;
- Approval from the Minister for Differential rates was granted on 21 August 2026; and
- Ordinary Meeting of Council held on 25 August 2026 – Petition -Proposed 2026/27 Differential Rates was presented to Council.

INTERNAL

- Elected Members & the Commissioner participated in budget workshops and executive briefings which first occurred on 10 March 2026, and were ongoing up to presentation of the proposed 2026/2027 Annual Budget to the Special Meeting of Council on 28 August 2026; and
- Internal consultation across all executive and operational portfolios.

Statutory Environment

Local Government Act 1995

Section 6.2(1) - *During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.*

Section 6.16 - *A local government may impose* and recover a fee or charge for any goods or service it provides or proposes to provide, other than a service for which a service charge is imposed.*

Section 6.17 - *In determining the amount of a fee or charge for a service or for goods, a local government is required to take into consideration the cost to the local government of providing the service or goods, the importance of the service or goods to the community, and the price at which the service or goods could be provided by an alternative provider.*

Section 6.36 - *Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c), a local government is to give local public notice of its intention to do so.*

<u>Local Government (Financial Management) Regulations 1996</u>
Regulation 5 - *Efficient systems and procedures are to be established by the CEO of a local government for the proper collection of all money owing to the local government, for the safe custody and security of all money collected or held by the local government, and for the proper maintenance and security of the financial records of the local government.*

Regulation 33A - *A local government is to carry out a review of its annual budget between 1 January and 31 March in each financial year.*

Regulation 34 - *A local government is to prepare each month, a statement of financial activity reporting on the sources and applications of funds, and this is to be presented at an ordinary council meeting within two months after the end of the month to which the statement relates.*

Relevant Plans and Policy
Strategic Community Plan 2022–2032;
Corporate Business Plan 2023–2027;
Long-Term Financial Plan 2023–2033;
Asset Management Plan 2024–2034; and
Revenue Strategy 2022.

CF009 Loans Borrowings Policy **Currently under review by ARIC and will align with budget expectations;*
CD006 External Grants - Procurement and Grants Policy **Currently under review by ARIC and will align with budget expectations; and*
CF014 Investment Policy.

Financial Implications
Adoption of the 2026/27 Annual Budget establishes the Shire's financial authority and funding framework for the financial year. The budget provides for operating expenditure, capital expenditure, rates revenue, grants and contributions, reserve movements and other funding sources as detailed in the attached statutory budget.

The budget has been prepared on the basis of the estimated financial position as at 30 June 2026. The opening financial balance position remains subject to completion of the 2025/26 annual financial statements and year-end processes. Any material variance between the estimated and final opening position will where required, be reported to Council and addressed through a subsequent budget review or amendment.

Adoption of the budget is critical to the Shire's ongoing financial management and will support:
- delivery of planned services and programs;
- implementation of the 2026/27 capital works and asset renewal program;
- management and expenditure of grant and externally funded projects in accordance with applicable funding agreements;
- appropriate management of financial reserves and other funding sources; and
- ongoing monitoring of the Shire's financial performance against the adopted budget.

The Annual Budget provides for $19.12 million in operating revenue, $32.20 million in operating expenditure and a significant $21.38 million capital works program. Approximately 70% of the capital program is supported by external grants and contributions and includes major investment in the Regional Precincts and Partnerships Program (incorporating the Pier Development); Carnarvon Activation Plan; capital road works; major plant and equipment purchases; and buildings and airport infrastructure maintenance and capital improvements.

The estimated opening position is materially influenced by the advance receipt of $6,314,341 in *Financial Assistance Grants* during June 2026 and the carry-forward of incomplete projects and associated funding commitments from 2025/26. It should therefore not be interpreted as wholly unrestricted funding available for new or additional expenditure.

The budget includes total rate revenue of $8.42 million, representing an overall increase of approximately 8.5% compared with 2025/26. It also provides for $1.25 million in new borrowings, $865,000 in reserve drawdowns and a forecast closing cash balance of approximately $2.01 million. The estimated opening surplus of $5.44 million is substantially influenced by the advance receipt of $6.31 million in Financial Assistance Grants and the carry-forward of incomplete projects and associated funding from 2025/26.

The capital works program is substantially reliant on external funding and includes several significant multi-year projects. Accordingly, careful management of project expenditure, grant milestones and cash flow will be required throughout 2026/27.

The budget includes an overdraft facility of up to $5 million as a contingency to manage temporary timing differences between project expenditure and the receipt of grant funding. The facility is not intended to fund additional expenditure outside the adopted budget. It is intended that any utilisation of the overdraft will be reported to Council as part of the subsequent Monthly Financial Report.

Financial performance, employee expenditure, capital project delivery, financial reserve balances, borrowings and liquidity will be monitored through monthly and quarterly financial reporting. Material variances or emerging financial risks will be reported to Council and addressed through either periodic formal budget amendments, or the statutory budget review.

The 2026/27 Annual Budget has been prepared as a balanced budget and seeks to maintain existing services, fund the Shire's approved workforce establishment, deliver major grant-funded initiatives, and progress critical asset renewal and infrastructure priorities.

Risk Assessment

STEP 3 – Risk Tolerance Chart Used to Determine Risk

Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High

Risk Category	Description	Rating	Mitigating Action/s
Financial	Failure to adopt the budget would prevent legal expenditure and service delivery. Having an approved budget ensures funding is available to maintain infrastructure, meet legislative responsibilities, and deliver services aligned with community expectations.	2-C Moderate	Adopt the budget to maintain financial continuity; use grant funding and reserves to reduce pressure.

Reputation	Failure to adopt the budget may signal financial mismanagement, resulting in loss of trust and credibility, and compromising future funding opportunities.	2-C Moderate	Ensure timely adoption; communicate budget constraints and strategic grants that enable service delivery.
Compliance	Non-compliance with Sections 6.2 and 6.36 of the Local Government Act 1995, or with financial management regulations, may trigger audit risk or Ministerial intervention.	1-C Low	Statutory advertising, deadlines, and public engagement processes have been completed in full.
Property	Deferral of asset maintenance and renewal programs would increase risk of deterioration and liability.	2-C Moderate	Capital works prioritised within budget; major infrastructure supported by grants.
Environment	Inadequate funding could impact regulatory health/environmental services such as EHO inspections and compliance.	2-D Low	Budget supports Environmental Health Officer deliverables and inspection programs.
Fraud	Lack of financial oversight or internal controls may lead to unauthorised spending or financial misconduct.	2-D Low	Budget supports accountable systems, audit compliance, and clear delegation of authority and ownership.

Community and Strategic Objectives

The proposal aligns with the following desired objectives as expressed in the *Community Strategic Plan 2022-2032*:

<u>OBJECTIVES</u>
In 2040 Carnarvon is a place where:
- *Our community is engaged, inclusive and supportive*

ADDITIONAL FOCUS AREAS:
- *N/A*

BIG IDEAS FOR THE FUTURE OF CARNARVON:
- *N/A*

Comments

<u>Budget Overview</u>
The 2026/27 Annual Budget establishes the Shire's financial plan for the year and provides for the continued delivery of municipal services, maintenance and renewal of existing assets, delivery of the capital works program and progression of key strategic projects.

The budget has been developed having regard to the Shire's estimated opening financial position, anticipated operating revenue and expenditure, rates revenue, grant funding, financial reserve movements, and the funding requirements of the proposed capital program.

A summary of the proposed budget is provided below:

Budget Component	2026/27 Budget
Opening surplus/(deficit)	5,442,152
Total operating revenue	19,116,747
Total operating expenditure	32,200,447
Capital grants, subsidies and contributions	18,867,660
Capital expenditure	21,379,269
Transfers from reserves	865,000
New borrowings	1,250,000
Closing surplus/(deficit)	**0**

A key feature of the 2026/27 Annual Budget is the $21.38 million capital works program, which includes significant investment in community infrastructure, roads, plant and equipment, buildings and airport infrastructure. A substantial proportion of the program relates to major strategic and externally funded projects, including Regional Precincts and Partnerships Program (including the Pier Development) and Carnarvon Activation Plan.

The budget also incorporates the Shire's 2026/27 differential rating framework following completion of the required statutory advertising, consideration and Ministerial approval processes. Further information on the rating structure and Special Area Rate is provided within the Rates section of this report.

The opening funding position is based on the Shire’s unaudited financial position as at 30 June 2026. This position remains subject to completion of the 2025/26 Annual Financial Statements, the Office of the Auditor General’s audit and any adjustments arising from the year-end and audit processes. Any material change to the opening funding position will be reported to Council and incorporated through a subsequent budget amendment or the statutory budget review, as required.

Overall, the proposed budget seeks to balance the continued delivery of existing services with the Shire's asset management, infrastructure and strategic project commitments, while maintaining appropriate oversight of available funding and the Shire's financial position throughout the year.

<u>Key Budget Pressures</u>

The 2026/27 Annual Budget has been developed in an environment of increasing service-delivery and operating costs. Like households and businesses, the Shire is experiencing higher costs for insurance, utilities, fuel, materials, contracted services and other essential operational requirements. These increases affect the cost of maintaining existing services and facilities, even where there has been no expansion in the level of the Shire service provided.

The Shire must also respond to the financial impacts of cyclones, flooding and other emergency events. These events can require urgent expenditure on response activities, inspections, clean-up, temporary works and the restoration of damaged community infrastructure. The Shire may be required to meet these costs in the first instance while claims are prepared, assessed and awaiting reimbursement through applicable disaster-recovery or insurance arrangements. For example, the insurance excess costs for a cyclone is $100,000 per event, and the Shire unfortunately had two such events requiring claims in the 2025/26 financial year. It is therefore prudent that the Shire adequately budgets for these events operationally.

Although a proportion of this expenditure may be recoverable, reimbursement is subject to formal eligibility requirements, the requirement for supporting evidence, state government assessment, and (hopefully) approval. The timing of a reimbursement rarely aligns with when the Shire incurs and pays the costs, creating temporary but potentially significant cash-flow pressures and perceived over runs.
The budget therefore includes provision for anticipated recovery activities, while recognising that the value and timing of recoveries may change as claims are assessed.

The budget must also accommodate additional governance costs (budgeted at $300,000) arising from the extraordinary election scheduled for 3 December 2026 and the transition from the current Commissioner governance arrangements to a replacement elected Council. These costs include for example, the actual conduct of the election, the marketing and advertising of the election, and the calling for nominees. Following the election there is the need for inductions for successful candidates, compulsory training, and the professional development required to support newly elected members in understanding and effectively performing their statutory and governance responsibilities.

These cost pressures are largely unavoidable and consequently need to be funded alongside the Shire's existing services, asset maintenance and capital commitments. The budget therefore reflects not only visible community projects and services, but also the essential operational, emergency-response, and governance costs required for the Shire to function effectively, safely, and accountably.

Opening Funding Position

The 2026/27 Annual Budget has been prepared with an estimated opening surplus of $5,442,152 as at 1 July 2026.

The opening position is significantly influenced by the timing of grant funding, particularly the receipt of $6,314,341 in Financial Assistance Grants (FAGs) during June 2026 relating to the 2026/27 financial year. Although recognised in 2025/26 in accordance with the applicable accounting treatment, these funds contribute towards the delivery of services and activities during 2026/27. Accordingly, the reported opening surplus should not be interpreted as wholly unrestricted funding or considered in isolation when assessing the Shire's underlying financial position.

The opening position is also affected by the timing of expenditure and reserve-funded projects across financial years. During 2025/26, $865,000 in financial reserve drawdowns was budgeted to contribute towards identified projects. As a number of these projects did not proceed or were not completed by 30 June 2026, the associated expenditure was not incurred, and the corresponding reserve drawdowns did not occur.

While the undrawn reserve funds remain restricted and do not themselves represent unrestricted surplus, the deferral of the associated expenditure has affected the year-end funding result. Consequently, after allowing for the impact of the advance FAGs payment, the underlying 2025/26 surplus/(deficit) position is more favourable than it would have been had the budgeted reserve-funded works been completed during the year.

These projects and the associated $865,000 reserve drawdown have been carried forward into the 2026/27 Budget. The apparent improvement in the 2025/26 year-end position therefore needs to be considered alongside the corresponding expenditure commitments now falling into 2026/27.

Differential Rates and Rating Framework

Rates represent a significant source of operating revenue for the Shire and provide funding toward the delivery of municipal services, infrastructure, asset maintenance and other Council functions.

As part of the 2026/27 budget development process, Council determined its estimated budget deficiency through review of the key budget pressures, community services and asset management needs - Administration subsequently reviewed the Shire's differential rating structure and proposed rates in the dollar and minimum payments to meet the estimated deficiency.

The proposed differential rates and minimum payments were endorsed for public advertising by Council/Commissioner on 30 June 2026 and advertised in accordance with the requirements of the Local Government Act 1995.

The public submission period closed on 23 July 2026 with four submissions received. The four submissions were included in the 28 July 2026 Agenda for Council's consideration, prior to determining the differential rates. Following consideration of the submissions, Council resolved on 28 July 2026 to proceed with the proposed differential rating model and seek the required Ministerial approval.

As the proposed rate in the dollar for UV Category exceeded the applicable statutory threshold relative to the lowest differential general rate, Ministerial approval was required. An application was subsequently submitted to the Minister for Local Government, with approval granted on Friday 21 August 2026.

The proposed budget provides for total rate revenue of $8,429,423 (inclusive of all Rates Revenue), compared with $7,814,396 in 2025/26, representing an increase of 8.5**%**. This revenue is based on the following differential rating structure:

(i) General rates

Residential	Gross rental valuation	0.117000
Commercial/Industrial	Gross rental valuation	0.126180
Special Use/Rural	Gross rental valuation	0.125920
Mining	Unimproved valuation	0.318400
Pastoral	Unimproved valuation	0.140150
Intensive Horticultural	Unimproved valuation	0.029850

Completion of these statutory processes has enabled the approved differential rating structure to be incorporated into the proposed 2026/27 Annual Budget.

The Shire of Carnarvon will levy its rates on Monday 7 September 2026, consistent with the provisions of s. 6.45 of the Local Government Act 1995.

To support payment flexibility, ratepayers will be offered the following three options—each with a common first due date of 12 October 2026:

1. Payment in Full – Due 12 October 2026

2. Two Instalments:
    - 1st instalment: 12 October 2026
    - 2nd instalment: 15 February 2027

3. Four Instalments:
    - 1st instalment: 12 October 2026
    - 2nd instalment: 14 December 2026
    - 3rd instalment: 15 February 2027
    - 4th instalment: 19 April 2027

Differential rating category	2024/25 minimum payment	Proposed 2026/27 minimum payment	Proposed rate in the dollar
GRV Residential	$1,454	$1,580	11.7000 cents
GRV Commercial/Industrial	$1,454	$1,580	12.6180 cents
GRV Special Use/Rural	$1,454	$1,580	12.5920 cents
UV Mining	$1,454	$1,580	31.8400 cents
UV Pastoral	$1,454	$1,580	14.0150 cents
UV Intensive Horticulture	$1,454	$1,580	2.9850 cents

Coral Bay - Special Area Rate

The Coral Bay Special Area Rate is raised on applicable properties within the designated Coral Bay area to fund the costs associated with the maintenance and future requirements of the Coral Bay Refuse Site.

Revenue raised through the Special Area Rate must be applied to expenditure associated with the Coral Bay Refuse Site and will not be used to fund other general municipal operations or services. The 2026/27 Annual Budget provides for Special Area Rate revenue of $460,000 with corresponding expenditure associated with the operation, maintenance and future requirements of the Coral Bay refuse site.

Any Special Area Rate revenue remaining unspent at the end of the financial year is required to be transferred to the relevant specific reserve to ensure the funds remain available for their intended purpose.

Based on the expenditure included in the proposed 2026/27 Annual Budget, the full amount of the Specified Area Rate revenue is expected to be applied during the year.

Operating Revenue and Expenditure

The 2026/27 Annual Budget provides for the continuation of the Shire's core services, programs and operational activities, together with expenditure required to maintain existing assets and facilities.

Operating Revenue

Total operating revenue of $19,116,747 is budgeted for 2026/27 comprising:

Revenue Source	2026/27	Comments
General Rates	7,355,303	General rates raised across the Shire's rating categories
Rates excluding general Rates	1,114,120	Includes specified area rates, service charges and other rate-related revenue
Operating Grants, subsidies and contributions	4,212,573	Includes Financial Assistance Grants and other operating grants and contributions
Fees and charges	4,321,500	Revenue generated through the Shire's services, facilities and statutory charges
Interest Revenue	527,000	Interest earned on municipal and reserve funds and interest associated with rates and other receivables
Other Revenue	1,586,251	Other operating income not classified within the above categories
Total Operating Revenue	**19,116,747**	

General rates of $7.355 million represent the Shire's primary own-source revenue stream, with a further $1.114 million budgeted from other rate-related revenue, totalling $8,469,423 in Rates Revenue.

Operating grants, subsidies and contributions of $4.213 million are budgeted for 2026/27 and include funding for a range of operational programs and services.

Included within this amount is $1,578,593 in Financial Assistance Grants (FAGs) expected (estimated only) to be received during 2026/27, comprising:

- General Purpose Grant – $1,144,519; and
- Local Roads Grant – $434,074.

Fees and charges of $4.322 million, interest revenue of $527,000, and other revenue of $1.586 million provide further funding towards the Shire's operating activities and service delivery.

Interest revenue of $527,000 has been budgeted for 2026/27 and is higher than previous years, primarily reflecting improved interest rates anticipated following the Shire's change in banking provider. The budget therefore provides for increased investment earnings on available municipal and reserve funds, subject to actual cash balances and prevailing interest rates throughout the year. The Financial Administration Team will report and monitor this on a quarterly basis to ensure accurate expectations.

The balance of operating grants, subsidies and contributions ($1,586,251) relates to other external funding supporting the delivery of Shire programs, services and activities.

Operating Expenditure
Total operating expenditure of $32,200,447 is budgeted for 2026/27 comprising of the following:

Operating expenditure is summarised by nature and type as follows:

Expenditure Type	**2026/27**
Employee costs	12,911,681
Materials and contracts	8,306,523
Utility charges	973,659
Depreciation	*8,726,275*
Finance costs	144,450
Insurance	724,079
Other expenditure	413,780
Total Operating Expenditure	**32,200,447**

Employee costs represent the largest component of operating expenditure at $12.912 million, followed by depreciation of $8.726 million and materials and contracts of $8.307 million.

Depreciation represents approximately 27% of total operating expenditure and is a non-cash expense recognising the consumption of the Shire's asset base over its useful life. While depreciation contributes to the reported operating deficit, it does not represent a direct cash outflow during the financial year.

Materials and contracts represent a further significant component of the operating budget and support the delivery of the Shire's services (street lighting, CCTV, Visitors Centre, Library, Waste Services, Waste Site Coral Bay and Carnarvon) programs, maintenance activities and externally funded projects.

Overall operating expenditure should be considered alongside the Shire's capital works program and grant-funded activities, with a number of operating expenditure items associated with the delivery of externally funded programs and projects.

Employee Costs
Employee costs of $12,911,681 are budgeted for 2026/27 and represent approximately 40% of total operating expenditure.

This amount represents the Shire's total cost of employing and supporting its workforce and includes:
- salaries and wages;
- employer superannuation contributions;
- workers' compensation insurance;
- leave entitlements and associated provisions;

- allowances and applicable higher-duties payments; and
- uniforms and personal protective equipment.

These costs support the workforce required to deliver services relied upon by the community, including road and asset maintenance, parks and gardens, waste services, environmental management, community safety, tourism and economic development, support of community groups, recreation and community facilities, youth and community programs, regulatory services, customer service, financial management, governance and organisational compliance.

The budget has been prepared on the basis of the Shire's full approved workforce establishment, although a number of positions are currently vacant. This is a transparent and prudent budgeting approach that ensures sufficient financial capacity is available to recruit to approved positions and maintain service delivery throughout the year. It also avoids presenting a balanced budget that depends upon positions remaining vacant or planned services not being delivered.

Actual employee expenditure will be influenced by recruitment outcomes, commencement dates and employee movements throughout 2026/27 and will be monitored against the adopted budget.

Additions to the regular employee structure this financial year include –

- Project Management to support the development and Project Planning of the Coral Bay new Waste Site and improvements and compliance of the Carnarvon Site;
- Work Health and Safety Wellness Officer; and
- Funded *Inclusion and Access* positions.

Treatment of grant-funded employee costs
In accordance with applicable accounting standards and statutory financial reporting requirements, employee costs are reported according to the nature of the expenditure, regardless of the source of funding. Consequently, the salaries, wages and associated costs of grant-funded employees must be included within the Shire's total employee-cost figure, while the corresponding grant funding is separately recognised as revenue.

Remote Jobs and Economic Development (RJED) Program
The employee-cost budget includes positions supported through the *Australian Government's Remote Jobs and Economic Development Program*. These positions are additional to the Shire's ordinary workforce establishment and provide employment, training and development opportunities for eligible local community members while increasing the Shire's capacity to deliver services and community outcomes.

The 2026/27 financial year represents the second year of the Shire's three-year RJED Round 1 funding agreement, under which $3,219,016 million has been awarded to the Shire over three years.

For 2026/27, the Annual Budget includes $1,120,253 in Round 1 grant funding to support 13 full-time equivalent positions in addition to the Shire's ordinary workforce establishment, comprising:

- $1,072,693 towards salaries and wages; and
- $47,560 towards associated employee on-costs.

The Shire has also secured $1,489,431 over three years through RJED Round 3, comprising:

- $1,202,223 towards salaries and wages; and
- $287,208 towards approved employment and program costs.

The approved Round 3 program costs include workers' compensation insurance, uniforms and personal protective equipment, training, payroll support, information technology and employee development. These costs will be reported under the appropriate expenditure classification within the Annual Budget.

Round 3 will support an additional five full-time positions and one casual position or FTE equivalent. The associated revenue and expenditure will be recognised over the applicable funding period as the positions commence and the funded activities are delivered.

The funded components of the RJED program do not require an additional municipal cash contribution towards the approved salaries, wages and program costs. The program therefore provides a direct community benefit by creating local employment pathways and expanding the Shire's service-delivery capacity without transferring the funded employment costs to ratepayers.

New RJED funding received in advance will initially be recognised as a contract liability in accordance with the applicable accounting requirements. Grant revenue will then be progressively recognised as the funded employment, training and program obligations are delivered.

Administration will undertake quarterly reviews to align the recognition of RJED grant revenue with the eligible salaries, wages, employee on-costs and program expenditure incurred. Any necessary adjustments will be incorporated through the Shire's financial reporting and budget review processes.

Councillor Sitting Fees

The 2026/27 budget provisions for Councillor sitting fees and allowances are lower than a normal full-year allocation, reflecting the period during which the Shire will continue to operate under a Commissioner and the anticipated appointment of elected Council members in late 2026.

The amounts shown represent the total estimated payments for 2026/27 and have already been calculated on a pro-rata basis for the expected period of service. Commissioner remuneration and associated travel and accommodation costs have been budgeted separately for the period prior to the appointment of Council.

Capital Works Program

The 2026/27 Annual Budget provides for a significant capital works program totalling $21.38 million, comprising investment in buildings, plant and equipment, roads, footpaths, drainage, airport infrastructure and other community infrastructure.

The capital program is summarised as follows:

Asset Class	2026/27 Budget
Building	786,009
Furniture and Equipment	268,000
Plant and Equipment	1,630,609
Infrastructure – Roads	4,034,420
Infrastructure – Footpaths	200,000
Infrastructure – Drainage	175,000
Infrastructure – Airport	522,000
Other Infrastructure	13,763,231
Total Capital Program	**21,379,269**

The program includes a combination of asset renewal, replacement, upgrades and new infrastructure, as well as major externally funded and multi-year projects.

Significant projects include the *Regional Precincts and Partnerships Program* ($5.50 million on Community infrastructure; the Pier Development ($6.00 million); and the Carnarvon Activation Plan ($2.25 million). Collectively, these projects account for approximately $13.75 million of the total capital program.

The program also provides $4.03 million for road infrastructure, including works on Minilya-Lyndon Road, Quobba-Gnaraloo Road, Speedway Road and French Street, supported through programs including Roads to Recovery, Regional Road Group and Black Spot funding.

A further $1.63 million is provided for plant and equipment replacement and acquisition, including a road grader, street sweeper, a commercial truck, and replacement light vehicles.

Delivery of the capital program will be monitored throughout the financial year, particularly in relation to project timing, grant funding, procurement, expenditure and the Shire's capacity to deliver the planned program.

Material variations will be reported to Council through the Shire's financial and project reporting processes, which includes monthly and quarterly reviews.

Operational Grants and External Funding

Operating Grants
The 2026/27 Annual Budget provides for approximately $4.21 million in operating grants, subsidies and contributions to support the delivery of Shire services, programs and operational activities.

Significant funding incorporated within the operating budget includes:

Major Funding Source / Program	2026/27 Budget
Financial Assistance Grant – General Purpose	1,144,519
Financial Assistance Grant – Roads	434,074
DRFWA – AGRN	750,000
Main Roads WA – Direct Grant	545,048
Roads to Recovery – Operating	400,000
Protection of the Environment	323,656
Department of Communities – Mayu Mia	242,082
Coral Bay Settlement Structure Plan	198,474
Youth Services Grants	124,000
Other Operating grants, subsidies and contributions	50,720
Total Operating Grants	**4,212,573**

The Shire received $6,314,341 in Financial Assistance Grants during 2025/26 as an advance payment towards its 2026/27 allocation. In accordance with the applicable accounting treatment, the advance payment was recognised as revenue in the 2025/26 financial year and therefore does not form part of the operating grant revenue reported in the 2026/27 Annual Budget.

The 2026/27 budget provides for a further $1,578,593 in Financial Assistance Grant revenue, comprising $1,144,519 for General Purpose funding and $434,074 for Roads' funding, representing the remaining payments expected to be received during 2026/27.

The comparatively lower Financial Assistance Grant revenue presented within the 2026/27 operating budget reflects the timing of the advance payment rather than a corresponding reduction in the Shire's overall grant allocation.

The timing of Financial Assistance Grant payments can have a material impact on reported operating results between financial years. Administration will continue to monitor the timing and recognition of these payments when assessing the Shire's underlying financial performance.

A number of other operating grants are provided for specific programs, activities or purposes and are subject to funding conditions, delivery requirements and acquittal obligations. Grant revenue and associated expenditure will be monitored throughout the financial year, with material changes reflected through financial reporting and budget amendments where required.

Capital Grants

The 2026/27 capital program is significantly supported by external grants and contributions, with $14.95 million in capital funding anticipated during the financial year.

Capital Grants & Contributions	**2026/27 Funding**
Roads to recovery	1,623,363
Regional Road Group	1,315,333
Black Spot Funding	944,724
Airport – RADS / RAUP	140,000
Airport – DTMI Funding	252,000
LotteryWest – Carnarvon Activation Plan	1,234,021
Regional Precincts and partnerships Program	3,444,633
Pier Development – Auspiced Funding	6,000,000
Total Capital Grants & Contributions	**14,954,074**

Funding Source	**2026/27 Budget**
Capital Grants and Contributions	14,954,074
Contract Liabilities brought forward	3,606,586
WATC Borrowings	1,250,000
Plant Replacement Reserve	365,000
Shire Contribution	*1,202,609*
Total Capital program	**21,378,269**

Capital grants and contributions represent approximately 70% of the Shire's $21.37 million capital program for 2026/27.

In addition to the above funding, $3.6 million of the capital program is supported by contract liabilities brought forward from previous financial years. These amounts represent funding received in prior periods for projects continuing to be delivered during 2026/27 and are therefore separate from the capital grants and contributions anticipated to be received during the current financial year.

The significant level of externally funded capital expenditure requires ongoing monitoring of project delivery, funding milestones and compliance with individual funding agreements. Material changes to the timing, scope or funding of these projects will be monitored and reported through the Shire's financial and project reporting processes.

Reserves

The 2026/27 Annual Budget provides for reserve balances of $2,864,772 at the commencement of the financial year, reducing to a forecast closing balance of $1,999,772 at 30 June 2027.

Total transfers from Council-restricted reserves are budgeted at $865,000, comprising:

- Plant Reserve – $365,000;
- Asset Upgrades and Renewal Reserve – $200,000; and
- Strategic Projects Reserve – $300,000.

The Specified Area Rate Reserve is budgeted to receive $460,000 during the year, with an equivalent $460,000 transfer from the reserve to fund the purposes for which the Specified Area Rate is raised.

The closing balance of this reserve remains unchanged at $79,640.

It should be noted that the level of reserve drawdown proposed for 2026/27 is broadly consistent with the reserve drawdown anticipated in the 2025/26 Annual Budget. A number of projects funded from reserves did not proceed or were not completed by 30 June 2026 and have subsequently rolled over into the 2026/27 financial year. As a result, the associated reserve transfers did not occur in 2025/26 and the funds remained within the respective reserve accounts.

The proposed reduction in reserve balances during 2026/27 therefore largely reflects the completion of previously planned and funded projects rather than a material change in the Shire's reserve funding strategy.

(a) Reserve Accounts - Movement

		2026/27	Budget	
	Opening Balance	Transfer to	Transfer (from)	Closing Balance
	$	$	$	$
Restricted by legislation				
(a) Specified area rate reserve	79,640	460,000	(460,000)	79,640
	79,640	460,000	(460,000)	79,640
Restricted by council				
(b) Leave reserve	388,319	0	0	388,319
(c) Plant Reserve	431,876	0	(365,000)	66,876
(d) Waste Disposal Reserve	168,713	0	0	168,713
(e) Mosquito Management Reserve	11,253	0	0	11,253
(f) Airport Renewal and Upgrade Reserve	65,197	0	0	65,197
(g) Asset Upgrades and Renewal Reserve	281,903	0	(200,000)	81,903
(h) Emergency Management Reserve	293,307	0	0	293,307
(i) Fascine Upgrade and Renewal Reserve	266,684	0	0	266,684
(j) Strategic Projects Reserve	731,922	0	(300,000)	431,922
(k) Blowholes Reserve Management Funds	145,958	0	0	145,958
(l) Enterprise Resource Planning System	0	0	0	0
	2,785,132	0	(865,000)	1,920,132
	2,864,772	460,000	(1,325,000)	1,999,772

<u>Borrowings and Overdraft Facilities</u>
The 2026/27 Annual Budget provides for $1.25 million in new borrowings through the Western Australian Treasury Corporation (WATC) to support the Shire's plant replacement program.

The proposed borrowings will contribute towards the acquisition of replacement plant and vehicles identified in the 2026/27 Capital Program. Principal and interest repayments associated with both existing and proposed borrowings have been incorporated into the Annual Budget.

It is proposed that the amount of new WATC borrowings be reduced wherever practicable. This will be achieved through the process of prudent periodical reconciliations and quarterly reviews of the operating budget throughout the financial year, locating confirmed savings that are not required to meet existing commitments or emerging priorities or underspends. Any opportunity to reduce the proposed borrowings will be presented to Council through quarterly budget reviews and ongoing financial reporting during the 2026/27 financial year.

The budget also provides for the utilisation of $365,000 from the Plant Replacement Reserve, representing WATC loan proceeds received during 2025/26 for the purchase of a street sweeper. As the purchase was delayed beyond 30 June 2026, the unspent loan proceeds were transferred to the reserve account and will be applied to the acquisition during 2026/27. This amount does not represent new borrowings in 2026/27.

The Shire's existing short-term credit facilities include an overdraft facility of $200,000 and corporate credit card facilities totalling $20,000. These facilities are maintained as part of the Shire's ordinary banking and operational arrangements.

In addition to these existing facilities, the 2026/27 Annual Budget provides for an additional overdraft facility of up to $5 million as a contingency to support short-term cash flow management associated with delivery of the Shire's significant capital works program. This is essentially to accommodate the significant road reinstatement works under the Disaster Relief Funding Arrangements declared event, AGRN 1280 Severe Tropical Narelle and Associated Flooding.

The 2026/27 capital program totals approximately $21.38 million, with a substantial proportion supported by external grants and contributions. The timing of grant receipts does not always align with project expenditure, with some funding arrangements requiring expenditure to be incurred or project milestones to be achieved before the associated funding is received. This can result in temporary timing differences between payment of project expenditure and receipt of the corresponding grant funding.

Where available, Administration seeks to structure grant and funding arrangements on a milestone payment basis to better align funding receipts with project expenditure and minimise the Shire's working capital requirements. Notwithstanding these endeavours, the scale and timing of the 2026/27 capital program may result in periods where significant project expenditure is required to be met in advance of the associated external funding being received.

The additional $5 million overdraft facility is therefore proposed as a liquidity management measure to provide sufficient working capital should temporary cash flow pressures arise. The facility is not intended to provide an additional source of funding or increase the scope of the adopted capital program, and utilisation is not anticipated under normal operating conditions.

Should utilisation of the overdraft facility become necessary, drawings would be limited to managing temporary cash flow timing differences, with amounts expected to be repaid as the associated grant or other funding is received.

The Shire's cash position, borrowing commitments and utilisation of overdraft and credit facilities will be monitored throughout the financial year through the monthly and quarterly financial reporting processes.

<u>Financial Ratios</u>
In assessing the underlying financial position of the 2026/27 Budget, Administration has considered financial sustainability indicators adjusted for the timing of Financial Assistance Grant (FAGs) funding. This provides a more representative assessment of the funding attributable to the financial year and does not alter the statutory accounting treatment of the FAGs advance payment.

Financial Sustainability Indicator	**2026/27 Budget**	**Comments**
Operating Funding Coverage	108.30%	Adjusted operating funding is sufficient to meet budgeted cash operating expenditure.
Adjusted Operating Surplus	7.70%	Accounts for the early receival of the FAGs grant in 2025/26.
Debt Service Coverage	2.94%	Approximately $2.94 is available from operations before debt servicing for each $1 of principal and finance costs.

Operating Funding Coverage – 108.3%
The Operating Funding Coverage indicator compares operating funding attributable to 2026/27 with cash operating expenditure, excluding non-cash depreciation. A result above 100% indicates that operating funding is sufficient to meet the Shire's budgeted cash operating costs.

The 2026/27 result of 108.3% indicates that the Shire is budgeting sufficient operating funding to meet its cash operating expenditure, with a margin available to contribute towards other funding requirements.

Adjusted Operating Surplus – 7.7%
After adjusting for the timing of FAGs funding and excluding non-cash depreciation, the 2026/27 Budget provides an underlying operating funding surplus of approximately $1.957 million, equivalent to 7.7% of adjusted operating funding.

The result is above the benchmark of 0.0%, indicating that operating funding attributable to 2026/27 is sufficient to meet budgeted cash operating expenditure.

This is a management-adjusted indicator and should not be interpreted as the statutory Operating Surplus Ratio, as it excludes depreciation and adjusts the timing of FAGs funding to provide a clearer assessment of the underlying cash operating position.

The Shire's forecast debt servicing capacity is above the benchmark of x2.0, indicating sufficient capacity within the 2026/27 Budget to meet scheduled principal and interest repayments. The result provides a reasonable buffer above the benchmark; however, debt servicing capacity should continue to be monitored given the proposed $1.25 million in new borrowings and the Shire's broader cash flow requirements.

Liquidity and Current Ratio
A forecast Current Ratio has not been presented for 2026/27. The Current Ratio measures the relationship between current assets and current liabilities and requires a forecast Statement of Financial Position at 30 June 2027.

The statutory 2026/27 Annual Budget does not include a forecast Statement of Financial Position and therefore does not provide the forecast current asset and current liability balances necessary to calculate the ratio on a reliable and consistent basis. Calculating a Current Ratio using incomplete information from the Statement of Cash Flows or Statement of Financial Activity could provide a misleading assessment of the Shire's forecast liquidity.

In place of a forecast Current Ratio, Administration has considered the Shire's forecast closing cash position together with its reserve balances and operating funding coverage.

Cash and cash equivalents are forecast to reduce from $13.063 million at the commencement of the year to $2.009 million at 30 June 2027. Reserve balances are forecast to close at approximately $2.000 million.

The reduction in cash reflects the planned delivery of the 2026/27 operating and capital programs, including expenditure of funding carried forward from the previous financial year and the planned drawdown of reserve funds. Given the forecast reduction in cash holdings, liquidity and cash flow management will require active monitoring throughout 2026/27, particularly in relation to the timing of grant receipts, delivery of major capital projects and other significant expenditure commitments.

Administration will monitor the Shire's actual Current Ratio through monthly financial reporting as current asset and current liability balances become available. This will provide Council with an ongoing measure of short-term liquidity and the Shire's capacity to meet its financial obligations as they fall due.

These indicators should be considered collectively rather than in isolation and will continue to be monitored throughout 2026/27 as part of the Shire's financial reporting and budget review processes.

Financial Ratio Analysis - Historical

The Shire's estimated financial ratios for the year ended 30 June 2026 have been reviewed against the results of the previous five financial years. The 2025/26 ratios are based on the latest estimated actual figures incorporated into the 2026/27 Statutory Budget and remain subject to final audit adjustments.

Financial Ratio	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26 Est.**	**Benchmark**
Current Ratio	2.13	2.08	3	2.46	2.17	1.67	≥ 1.0
Debt Service Coverage Ratio	5.02	7.33	3.03	2.5	1.89	3.98	≥ 2.0
Operating Surplus Ratio	-23%	-5%	-10%	-8%	-15%	*(15%) **	≥ 0%
Net Financial Liabilities Ratio	-34%	-46%	-33%	-31%	-10%	*(20%) **	≤ 30%

**2025/26 estimated result subject to final audit and, where applicable, confirmation of asset renewal classifications.*

Overall, the ratios indicate that the Shire continues to maintain an adequate short-term financial position, while underlying operating sustainability remains an area requiring ongoing attention.

The Current Ratio of 1.67 remains above the benchmark of 1.0, indicating sufficient current assets to meet current liabilities. The ratio has, however, reduced from 2.17 in 2024/25 and has declined from its recent high of 3.00 in 2022/23. This trend should continue to be monitored.

The Debt Service Coverage Ratio has improved from 1.89 in 2024/25 to an estimated 3.98 in 2025/26, returning the ratio above the benchmark of 2.0. This indicates that, based on the adjusted operating position, the Shire currently has sufficient capacity to meet its principal and interest commitments.

The Operating Surplus Ratio remains the principal area of financial sustainability concern, with an estimated result of approximately (15%), broadly consistent with 2024/25. The ratio has remained below the benchmark of 0% throughout the six-year period, demonstrating an ongoing gap between the Shire's underlying operating revenue and the cost of providing its operations and services.

The Net Financial Liabilities Ratio remains favourable at approximately (20%), indicating that financial assets continue to exceed financial liabilities, providing capacity to manage short-to-medium-term financial obligations.

The 2025/26 calculations have been adjusted for the timing of Financial Assistance Grants to provide consistency with previous years. In particular, the Shire received $6.314 million relating to the 2026/27 Financial Assistance Grant before 30 June 2026, which would otherwise materially distort the assessment of underlying operating performance.

On balance, the Shire's immediate liquidity and debt servicing position remains sound; however, the persistent negative Operating Surplus Ratio demonstrates that improving underlying operating performance remains important to the Shire's longer-term financial sustainability.

Budget Monitoring and Review
Effective financial reporting and budget monitoring are essential to ensuring that Council maintains appropriate oversight of the Shire's financial performance throughout the financial year.

Asset Capitalisation Threshold
The Shire applies an asset capitalisation threshold of $5,000. Expenditure meeting the relevant recognition criteria and exceeding this threshold is capitalised and recognised within the Shire's asset register, while expenditure below the threshold is generally recognised as operating expenditure, subject to the nature and circumstances of the expenditure.

Monthly Budget Variance Reporting
In accordance with regulation 34(5) of the Local Government (Financial Management) Regulations 1996, Council is required to adopt a materiality threshold for the reporting of variances within the monthly Statement of Financial Activity.

For 2026/27, the following materiality thresholds are proposed:

Reporting Area	**Materiality Threshold**
Operating revenue and expenditure	$10,000 or 10%, whichever is greater
Capital revenue and expenditure	$20,000 or 10%, whichever is greater

The thresholds are applied to variances reported at the relevant Nature and Type, core service or asset class level, as applicable to the Shire's monthly financial reporting framework.

The use of both a percentage and minimum dollar thresholds provides a proportionate approach to financial reporting. The percentage threshold assists in identifying significant movements relative to the size of individual budget items, while the minimum dollar threshold avoids immaterial variances creating an unnecessary administrative reporting burden.

The proposed thresholds are considered appropriate to ensure material variations are brought to Council's attention without resulting in excessive reporting of minor fluctuations that do not materially affect the Shire's overall financial position.

The thresholds are intended as a minimum reporting requirement and do not prevent Administration from reporting a variance below the adopted threshold where the nature of the variance, emerging financial risk, or other circumstances, are considered significant and warrant Council's attention.

In addition to monthly financial reporting, Administration will continue to monitor actual financial performance against the adopted Annual Budget quarterly throughout 2026/27. Material changes to budget assumptions, forecast financial position, significant projects or funding arrangements will be reported to Council and, where necessary, addressed through quarterly budget amendments or the statutory budget review process.

Looking forward, should the Shire achieve an actual surplus at 30 June 2027, Administration proposes that the first $100,000 be considered for transfer to a new Emergency Works Reserve, providing a dedicated funding source to respond to urgent and unforeseen works arising from events such as cyclones and other emergencies. Any remaining surplus would then be considered for application towards debt reduction, subject to Council approval and the terms of the relevant borrowings.

This approach is intended to strengthen the Shire's financial resilience, establish capacity to respond to emergency events and reduce future debt servicing obligations, rather than relying on future surpluses to fund recurrent expenditure.

OFFICER'S RECOMMENDATION PART 1

Adoption of the 2026/27 Annual Budget

That Council by Absolute Majority;

1. ***Adopts, pursuant to section 6.2 of the Local Government Act 1995 and Part 3 of the Local Government (Financial Management) Regulations 1996, the 2026/27 Annual Budget for the Shire of Carnarvon, as presented in Schedule 1, which includes the following:***

    i. Statement of Comprehensive Income by Nature or Type showing a net result for the year of $0;
    ii. Statement of Financial Activity showing a balanced budget after the imposition of general rates of $0;
    iii. Statement of Cash Flows showing a budgeted cash balance at 30 June 2027 of $2,008,643;
    iv. Transfers to and from Reserve accounts as detailed in Item 9, page 19 of the Annual Budget;
    v. Schedules including capital projects, plant and equipment purchases and disposals, and carried forward projects; and
    vi. Notes to the Annual Budget.

OFFICER'S RECOMMENDATION PART 2

Differential General Rates, Minimum Payments, Instalments and Interest
That Council by Absolute Majority,

1. ***Imposes, pursuant to sections 6.32, 6.33 and 6.35 of the Local Government Act 1995, the following differential general rates and minimum payments for the 2026/27 financial year, as approved by the Minister on 21 August 2026:***

DIFFERENTIAL RATING CATEGORY	MINIMUM PAYMENT PROPOSED	RATE IN THE DOLLAR ($) PROPOSED
GRV Residential	$1,580	0.117000
GRV Commercial/Industrial	$1,580	0.126180
GRV Special Use/Rural	$1,580	0.125920
UV Pastoral	$1,580	0.140150
UV Mining	$1,580	0.318400
UV – Intensive Horticulture	$1,580	0.029850

2. ***Nominates, pursuant to section 6.45 of the Local Government Act 1995 and regulation 64(2) of the Local Government (Financial Management) Regulations 1996, the following due dates for the payment of rates and service charges in full and by instalments:***
    a. Payment in Full
    - ***12 October 2026***

    b. Two Instalments
    - ***First instalment – 12 October 2026***
    - ***Second instalment – 15 February 2027***

    c. Four Instalments
    - ***First instalment – 12 October 2026***
    - ***Second instalment – 14 December 2026***
    - ***Third instalment – 15 February 2027***
    - ***Fourth instalment – 19 April 2027***
3. ***Adopts, pursuant to section 6.45 of the Local Government Act 1995 and regulation 67 of the Local Government (Financial Management) Regulations 1996, an instalment administration charge of $10 for each instalment after the initial instalment where a ratepayer elects to pay rates and service charges by instalments.***

4. ***Confirms, pursuant to section 6.45 of the Local Government Act 1995 and regulation 68 of the Local Government (Financial Management) Regulations 1996, an instalment interest rate of 5.5% where a ratepayer elects to pay rates and service charges by instalments, consistent with Council Resolution OCM08/06/2026 adopting the 2026/27 Fees and Charges.***
5. ***Confirms, pursuant to sections 6.51(1) and 6.51(4) of the Local Government Act 1995 and regulation 70 of the Local Government (Financial Management) Regulations 1996, an interest rate of 11% on rates, service charges and costs of proceedings to recover such charges that remain unpaid after becoming due and payable, consistent with Council Resolution OCM08/06/2026 adopting the 2026/27 Fees and Charges.***

OFFICER'S RECOMMENDATION PART 3

Specified Area Rate – Coral Bay
That Council By Absolute Majority;

1. ***Imposes, pursuant to section 6.37 of the Local Government Act 1995, for the 2026/27 financial year a Specified Area Rate – Coral Bay of 8.8540 cents in the dollar on rateable GRV properties within the specified Coral Bay area, estimated to raise $460,000, for the purpose of meeting the cost of operating and maintaining the Coral Bay Refuse Site.***
2. ***Notes that any proceeds from the Specified Area Rate remaining unspent at 30 June 2027 will be dealt with in accordance with the requirements of the Local Government Act 1995.***

OFFICER'S RECOMMENDATION PART 4

Rate Concession – OTC Dish

That Council By Absolute Majority;

1. ***Grants, pursuant to section 6.47 of the Local Government Act 1995, a 100% concession on rates for the OTC Dish property for the 2026/27 financial year, as provided for in the 2026/27 Annual Budget.***

OFFICER'S RECOMMENDATION PART 5

Borrowings and Short-Term Capital Funding

That Council by Absolute Majority;

1. ***Approves, pursuant to section 6.20 of the Local Government Act 1995, new borrowings of $1,250,000 for heavy plant and equipment replacement, for a term of ten years at an estimated interest rate of 5.55%, as provided for in the 2026/27 Annual Budget.***
2. ***Approves, pursuant to section 6.20 of the Local Government Act 1995, a short-term capital funding facility of up to $5,000,000, at an estimated interest rate of 5.55%, to manage cash flow associated with the delivery of externally funded capital projects, with amounts drawn and repaid during the 2026/27 financial year as provided for in the 2026/27 Annual Budget.***
3. ***Notes that the short-term capital funding facility is intended to provide temporary cash flow funding for expenditure incurred ahead of the receipt of grant and other external funding associated with approved capital projects.***

OFFICER'S RECOMMENDATION PART 6
Commissioner and Council Member Fees and Allowances
That Council By Absolute Majority;

1. ***Adopts, pursuant to sections 5.98 and 5.99 of the Local Government Act 1995 and regulations 33 and 34 of the Local Government (Administration) Regulations 1996, the following amounts for Commissioner and elected member sitting fees, allowances and associated payments for the 2026/27 financial year:***

Allowance-Fee	2026/27 Proposed Budget
Commissioner	$135,402
Commissioner Travel & Accommodation Expenses	$25,000
Commissioner Superannuation	$16,248
Allowance; Shire President	$22,474
Allowance; Deputy Shire President	$5,620
Councillor Sitting Fee	$88,544
Councillor Superannuation	$27,995

2. ***Notes that the amounts provided in the 2026/27 Annual Budget reflect the anticipated payments for the financial year having regard to the period of appointment of the Commissioner and the anticipated commencement of elected members.***
3. ***Notes that Council member sitting fees and allowances will be paid monthly.***

OFFICER'S RECOMMENDATION PART 7
Material Variance Reporting Thresholds
That Council By Absolute Majority;

1. ***Adopts, pursuant to regulation 34(5) of the Local Government (Financial Management) Regulations 1996, the following material variance reporting thresholds for the monthly Statement of Financial Activity for the 2026/27 financial year:***
   a. Operating items – $10,000 or 10%, whichever is greater; and
   b. Capital items – $20,000 or 10%, whichever is greater.

COUNCIL RESOLUTION SCM 01/08/26

Moved: Cmm Martin Aldridge

OFFICER'S RECOMMENDATION PART 1

Adoption of the 2026/27 Annual Budget

That Council by Absolute Majority;

1. ***Adopts, pursuant to section 6.2 of the Local Government Act 1995 and Part 3 of the Local Government (Financial Management) Regulations 1996, the 2026/27 Annual Budget for the Shire of Carnarvon, as presented in Schedule 1, which includes the following:***

   i. Statement of Comprehensive Income by Nature or Type showing a net result for the year of $0;
   ii. Statement of Financial Activity showing a balanced budget after the imposition of general rates of $0;
   iii. Statement of Cash Flows showing a budgeted cash balance at 30 June 2027 of $2,008,643;
   iv. Transfers to and from Reserve accounts as detailed in Item 9, page 19 of the Annual Budget;
   v. Schedules including capital projects, plant and equipment purchases and disposals, and carried forward projects; and
   vi. Notes to the Annual Budget.

OFFICER'S RECOMMENDATION PART 2

Differential General Rates, Minimum Payments, Instalments and Interest
That Council by Absolute Majority,

1. ***Imposes, pursuant to sections 6.32, 6.33 and 6.35 of the Local Government Act 1995, the following differential general rates and minimum payments for the 2026/27 financial year, as approved by the Minister on 21 August 2026:***

DIFFERENTIAL RATING CATEGORY	MINIMUM PAYMENT PROPOSED	RATE IN THE DOLLAR ($) PROPOSED
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UV Pastoral	$1,580	0.140150
UV Mining	$1,580	0.318400
UV – Intensive Horticulture	$1,580	0.029850

2. ***Nominates, pursuant to section 6.45 of the Local Government Act 1995 and regulation 64(2) of the Local Government (Financial Management) Regulations 1996, the following due dates for the payment of rates and service charges in full and by instalments:***
   a. Payment in Full
      - ***12 October 2026***

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      - ***Third instalment – 15 February 2027***
      - ***Fourth instalment – 19 April 2027***

3. ***Adopts, pursuant to section 6.45 of the Local Government Act 1995 and regulation 67 of the Local Government (Financial Management) Regulations 1996, an instalment administration charge of $10 for each instalment after the initial instalment where a ratepayer elects to pay rates and service charges by instalments.***
4. ***Confirms, pursuant to section 6.45 of the Local Government Act 1995 and regulation 68 of the Local Government (Financial Management) Regulations 1996, an instalment interest rate of 5.5% where a ratepayer elects to pay rates and service charges by instalments, consistent with Council Resolution OCM08/06/2026 adopting the 2026/27 Fees and Charges.***

5. ***Confirms, pursuant to sections 6.51(1) and 6.51(4) of the Local Government Act 1995 and regulation 70 of the Local Government (Financial Management) Regulations 1996, an interest rate of 11% on rates, service charges and costs of proceedings to recover such charges that remain unpaid after becoming due and payable, consistent with Council Resolution OCM08/06/2026 adopting the 2026/27 Fees and Charges.***

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That Council By Absolute Majority;

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2. ***Notes that any proceeds from the Specified Area Rate remaining unspent at 30 June 2027 will be dealt with in accordance with the requirements of the Local Government Act 1995.***

OFFICER'S RECOMMENDATION PART 4

Rate Concession – OTC Dish

That Council By Absolute Majority;

1. ***Grants, pursuant to section 6.47 of the Local Government Act 1995, a 100% concession on rates for the OTC Dish property for the 2026/27 financial year, as provided for in the 2026/27 Annual Budget.***

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That Council by Absolute Majority;

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2. ***Approves, pursuant to section 6.20 of the Local Government Act 1995, a short-term capital funding facility of up to $5,000,000, at an estimated interest rate of 5.55%, to manage cash flow associated with the delivery of externally funded capital projects, with amounts drawn and repaid during the 2026/27 financial year as provided for in the 2026/27 Annual Budget.***

3. ***Notes that the short-term capital funding facility is intended to provide temporary cash flow funding for expenditure incurred ahead of the receipt of grant and other external funding associated with approved capital projects.***

OFFICER'S RECOMMENDATION PART 6
Commissioner and Council Member Fees and Allowances
That Council By Absolute Majority;

1. ***Adopts, pursuant to sections 5.98 and 5.99 of the Local Government Act 1995 and regulations 33 and 34 of the Local Government (Administration) Regulations 1996, the following amounts for Commissioner and elected member sitting fees, allowances and associated payments for the 2026/27 financial year:***

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Allowance; Deputy Shire President	$5,620
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Councillor Superannuation	$27,995

2. ***Notes that the amounts provided in the 2026/27 Annual Budget reflect the anticipated payments for the financial year having regard to the period of appointment of the Commissioner and the anticipated commencement of elected members.***

3. ***Notes that Council member sitting fees and allowances will be paid monthly.***

OFFICER'S RECOMMENDATION PART 7
Material Variance Reporting Thresholds
That Council By Absolute Majority;

1. ***Adopts, pursuant to regulation 34(5) of the Local Government (Financial Management) Regulations 1996, the following material variance reporting thresholds for the monthly Statement of Financial Activity for the 2026/27 financial year:***
   a. Operating items – $10,000 or 10%, whichever is greater; and
   b. Capital items – $20,000 or 10%, whichever is greater.

FOR: Cmm Martin Aldridge
AGAINST: Nil

CARRIED BY ABSOLUTE MAJORITY 1/0

5 CLOSURE

The Presiding Member thanked the staff and members of the public for their attendance and declared the meeting closed at 09.18am.