SHIRE OF CARNARVON

AGENDA

SPECIAL COUNCIL MEETING
FRIDAY 28 AUGUST 2026

Shire Council Chambers,
Stuart Street Carnarvon,
Western Australia
Phone: (08) 9941 0000
Fax: (08) 9941 1099
www.carnarvon.wa.gov.au

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.

NOTICE OF MEETING

Notice is hereby given

Shire of Carnarvon
Special Council Meeting
will be held
on Friday 28 August 2026
at the Shire Council Chambers, Stuart Street
Carnarvon,
commencing at 9:00 AM.

Amanda Dexter
CHIEF EXECUTIVE OFFICER

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By providing your personal information, you consent to the collection, use and disclosure of your information for meeting administration, responding to questions, managing deputation requests, minute taking, recordkeeping and other lawful local government purposes.

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In accordance with Regulation 11 of the *Local Government (Administration) Regulations 1996*, minutes are a record of decisions made, motions considered, disclosures made, documents attached to the agenda where required, and other matters required by legislation. Minutes include a summary of proceedings and are **not** a verbatim transcript of proceedings.

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).

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1 ATTENDANCE, APOLOGIES & APPROVED LEAVE OF ABSENCE

(The Local Government Act 1995 Section 2.25 provides that a Council may, by resolution, grant leave of absence to a member for Ordinary Council Meetings. The leave cannot be granted retrospectively and an apology for non-attendance at a meeting is not an application for leave of absence.)

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.)

3 PUBLIC TIME

3.1 PUBLIC QUESTION TIME

3.2 PUBLIC DEPUTATION TIME

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

<u>EXTERNAL</u>

- 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.

<u>INTERNAL</u>

- 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

<u>Local Government Act 1995</u>

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.*

Local Government (Financial Management) Regulations 1996
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*:

OBJECTIVES

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

Budget Overview

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.

<u>Opening Funding Position</u>

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.

<u>Differential Rates and Rating Framework</u>

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 <u>without</u> 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.

<u>Councillor Sitting Fees</u>

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.

<u>Capital Works Program</u>

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.

Financial Ratios

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.***

SHIRE OF CARNARVON

ANNUAL BUDGET

FOR THE YEAR ENDED 30 JUNE 2027

LOCAL GOVERNMENT ACT 1995

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The Shire of Carnarvon a Class 2 local government conducts the operations of a local government with the following community vision:

Unity, Humanity, Nature
A connected community across leaders, cultures and generations
A future for every young person
A job-rich economy, built on local strengths
A still-natural environment, looked after and used

SHIRE OF CARNARVON
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)	8,469,423	7,814,396	7,772,846
Grants, subsidies and contributions		4,212,573	13,035,845	9,197,407
Fees and charges	15	4,321,500	3,867,915	3,695,402
Interest revenue	10(a)	527,000	363,799	492,000
Other revenue		1,586,251	675,998	322,550
		19,116,747	25,757,953	21,480,205
Expenses				
Employee costs		(12,911,681)	(11,253,842)	(11,613,172)
Materials and contracts		(8,356,030)	(7,366,291)	(10,858,217)
Utility charges		(973,659)	(838,528)	(879,208)
Depreciation	6	(8,722,886)	(8,722,886)	(8,815,610)
Finance costs	10(c)	(143,817)	(134,718)	(109,567)
Insurance		(724,079)	(701,582)	(697,887)
Other expenditure		(413,780)	(431,848)	(380,470)
		(32,245,932)	(29,449,695)	(33,354,131)
		(13,129,185)	(3,691,742)	(11,873,926)
Capital grants, subsidies and contributions		18,867,660	5,643,285	14,868,174
Fair value adjustments to financial assets at fair value through profit or loss		0	132,227	0
		18,867,660	5,775,512	14,868,174
Net result for the period		**5,738,475**	**2,083,770**	**2,994,248**
Total other comprehensive income for the period		**0**	**0**	**0**
Total comprehensive income for the period		**5,738,475**	**2,083,770**	**2,994,248**

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

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

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Receipts		$	$	$
Rates		8,469,423	7,485,445	9,022,846
Grants, subsidies and contributions		2,761,609	13,696,617	8,479,033
Fees and charges		4,321,500	3,867,915	3,695,402
Interest revenue		527,000	363,799	492,000
Goods and services tax received		712,684	677,973	600,000
Other revenue		1,586,251	675,998	322,550
		18,378,467	26,767,747	22,611,831
Payments				
Employee costs		(12,911,681)	(11,253,842)	(11,613,172)
Materials and contracts		(7,889,030)	(5,525,468)	(9,858,217)
Utility charges		(973,659)	(838,528)	(879,208)
Finance costs		(143,817)	(134,718)	(109,567)
Insurance paid		(724,079)	(701,582)	(697,887)
Goods and services tax paid		(712,684)	(627,706)	(600,000)
Other expenditure		(413,780)	(431,848)	(380,470)
		(23,768,730)	(19,513,692)	(24,138,521)
Net cash provided by (used in) operating activities	4	(5,390,263)	7,254,055	(1,526,690)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5(a)	(2,684,618)	(1,109,743)	(1,441,691)
Payments for construction of infrastructure	5(b)	(18,694,651)	(7,638,669)	(15,583,462)
Proceeds from capital grants, subsidies and contributions		15,104,400	8,963,808	14,868,174
Net cash provided by (used in) investing activities		(6,274,869)	215,396	(2,156,979)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	8(a)	(5,570,902)	(464,694)	(464,694)
Proceeds from new borrowings	8(a)	6,250,000	365,000	365,000
Payments for principal portion of lease liabilities	7	(68,342)	(95,077)	(131,074)
Net cash provided by (used in) financing activities		610,756	(194,771)	(230,768)
Net increase (decrease) in cash held		(11,054,376)	7,274,680	(3,914,437)
Cash at beginning of year		13,063,019	5,788,339	5,133,147
Cash and cash equivalents at the end of the year	4	**2,008,643**	**13,063,019**	**1,218,710**

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

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

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
OPERATING ACTIVITIES				
Revenue from operating activities		$	$	$
General rates	2(a)(i)	7,355,303	6,785,289	6,775,754
Rates excluding general rates	2(a)	1,114,120	1,029,107	997,092
Grants, subsidies and contributions		4,212,573	13,035,845	9,197,407
Fees and charges	15	4,321,500	3,867,915	3,695,402
Interest revenue	10(a)	527,000	363,799	492,000
Other revenue		1,586,251	675,998	322,550
Fair value adjustments to financial assets at fair value through profit or loss		0	132,227	0
		19,116,747	25,890,180	21,480,205
Expenditure from operating activities				
Employee costs		(12,911,681)	(11,253,842)	(11,613,172)
Materials and contracts		(8,356,030)	(7,366,291)	(10,858,217)
Utility charges		(973,659)	(838,528)	(879,208)
Depreciation	6	(8,722,886)	(8,722,886)	(8,815,610)
Finance costs	10(c)	(143,817)	(134,718)	(109,567)
Insurance		(724,079)	(701,582)	(697,887)
Other expenditure		(413,780)	(431,848)	(380,470)
		(32,245,932)	(29,449,695)	(33,354,131)
Non cash amounts excluded from operating activities	3(c)	8,722,886	8,590,659	8,815,610
Amount attributable to operating activities		**(4,406,299)**	**5,031,144**	**(3,058,316)**
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from capital grants, subsidies and contributions		18,867,660	5,643,285	14,868,174
		18,867,660	5,643,285	14,868,174
Outflows from investing activities				
Right of use assets received - non cash	5(c)	0	(173,933)	0
Acquisition of property, plant and equipment	5(a)	(2,684,618)	(1,109,743)	(1,441,691)
Acquisition of infrastructure	5(b)	(18,694,651)	(7,638,669)	(15,583,462)
		(21,379,269)	(8,922,345)	(17,025,153)
Non-cash amounts excluded from investing activities	3(d)	0	173,933	0
Amount attributable to investing activities		**(2,511,609)**	**(3,105,127)**	**(2,156,979)**
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from new borrowings	8(a)	6,250,000	365,000	365,000
Proceeds from new leases - non cash	7	0	173,933	9,300
Transfers from reserve accounts	9(a)	865,000	0	1,311,260
		7,115,000	538,933	1,685,560
Outflows from financing activities				
Repayment of borrowings	8(a)	(5,570,902)	(464,694)	(464,694)
Payments for principal portion of lease liabilities	7	(68,342)	(95,077)	(131,074)
Transfers to reserve accounts	9(a)	0	(395,782)	(475,366)
		(5,639,244)	(955,553)	(1,071,134)
Non-cash amounts excluded from financing activities	3(e)	0	(173,933)	(9,300)
Amount attributable to financing activities		**1,475,756**	**(590,553)**	**605,126**
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus remaining at the start of the financial year	3	5,442,152	4,106,688	4,219,463
Amount attributable to operating activities		(4,406,299)	5,031,144	(3,058,316)
Amount attributable to investing activities		(2,511,609)	(3,105,127)	(2,156,979)
Amount attributable to financing activities		1,475,756	(590,553)	605,126
Surplus/(deficit) remaining after the imposition of general rates	3	**0**	**5,442,152**	**(390,706)**

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

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

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

1 BASIS OF PREPARATION

The annual budget of the Shire of Carnarvon which is a Class 2 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. A separate statement of those monies appears at Note 12 to the annual budget.

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 Cashflows
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*
• *AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]*
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

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

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									
Residential	Gross rental valuation	0.117000	1,421	28,665,540	3,353,867	10,000	3,363,867	3,108,564	3,098,123
Commercial/Industrial	Gross rental valuation	0.126180	262	17,044,078	2,150,622	5,000	2,155,622	2,021,241	1,990,210
Special Use/Rural	Gross rental valuation	0.125920	57	1,983,281	249,735	5,000	254,735	234,575	233,192
Mining	Unimproved valuation	0.318400	34	992,662	316,064	20,000	336,064	276,801	304,088
Pastoral	Unimproved valuation	0.140150	38	3,352,619	469,870	0	469,870	424,354	429,354
Intensive Horticultural	Unimproved valuation	0.029850	169	25,968,000	775,145	0	775,145	719,754	720,787
Total general rates			1,981	78,006,180	7,315,303	40,000	7,355,303	6,785,289	6,775,754
		Minimum							
(ii) Minimum payment		$							
Residential	Gross rental valuation	1,580.00	265	2,303,285	418,700	0	418,700	383,856	383,856
Commercial/Industrial	Gross rental valuation	1,580.00	69	547,298	109,020	0	109,020	97,418	97,418
Special Use/Rural	Gross rental valuation	1,580.00	50	466,165	79,000	0	79,000	69,792	69,792
Mining	Unimproved valuation	1,580.00	27	48,296	42,660	0	42,660	46,528	46,528
Pastoral	Unimproved valuation	1,580.00	2	2,280	3,160	0	3,160	11,632	11,632
Intensive Horticultural	Unimproved valuation	1,580.00	1	38,050	1,580	0	1,580	0	0
Total minimum payments			414	3,405,374	654,120	0	654,120	609,226	609,226
Total general rates and minimum payments			2,395	81,411,554	7,969,423	40,000	8,009,423	7,394,515	7,384,980
(iii) Specified area rates									
GRV Coral Bay		0.088540	45	5,195,431	460,000	0	460,000	419,881	375,366
(iv) Ex-gratia rates									
Dampier-Bunbury Pipeline					0	0	0	0	14,000
					8,429,423	40,000	8,469,423	7,814,396	7,774,346
Concessions (Refer note 2(f))					0	0	0	0	(1,500)
Total rates					8,429,423	40,000	8,469,423	7,814,396	7,772,846
Instalment plan charges							10,850	11,210	10,000
Instalment plan interest							27,000	25,212	27,000
Late payment of rate or service charge interest							180,000	176,565	145,000
							217,850	212,987	182,000

*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.

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

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 12 October 2026 or 35 days after the date of issue appearing on the rate notice whichever is the later.

Option 2 (Two Instalments)
First instalment to be made on or before 12 October 2026 or 35 days after the date of issue appearing on the rate notice whichever is later including all arrears and half the current rates and service charges; and
Second instalment to be made on or before 15 February 2027, or 2 months after the due date of the first instalment, whichever is later.

Option 3 (Four Instalments)
First instalment to be made on or before 12 October 2026 or 35 days after the date of issue appearing on the rate notice, whichever is later including all arrears and a quarter of the current rates and service charges;
Second instalment to be made on or before 14 December 2026, or 2 months after the due date of the first instalment, whichever is later;
Third instalment to be made on or before 15 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 19 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	12/10/2026	0	0.0%	11.0%
Option two				
First instalment	12/10/2026	10	5.5%	11.0%
Second instalment	15/02/2027	10	5.5%	11.0%
Option three				
First instalment	12/10/2026	10	5.5%	11.0%
Second instalment	14/12/2026	10	5.5%	11.0%
Third instalment	15/02/2027	10	5.5%	11.0%
Fourth instalment	19/04/2027	10	5.5%	11.0%

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

2. RATES AND SERVICE CHARGES (CONTINUED)

(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 Residential	GRV-valued land predominantly used for residential purposes.	To establish the principal GRV rate and raise an equitable contribution toward the broad range of local government services and infrastructure available to residential properties and the wider community.	Residential properties from the largest rating category and the core of the Shire's rate base. Households across Carnarvon and Coral Bay benefit from, or have access to, a wide range of local services, including local roads and drainage, parks and public spaces, libraries, recreation and community facilities, community safety, planning, environmental services and district-wide governance. The proposed rate is the reference point for the other GRV categories and is intended to protect the everyday services and local amenity that underpin liveability, community wellbeing and confidence in the district.
GRV Commercial	GRV-valued land predominantly used for commercial, town-centre or industrial purposes.	To raise an equitable contribution from commercial and industrial land toward the services and infrastructure that support business activity, employment and the operation of commercial areas.	Commercial and industrial properties across Carnarvon and Coral Bay benefit from and can generate demand for road access, parking and public-realm infrastructure, town presentation, drainage, environmental health, planning and building services, visitor amenity and economic-development capability. The proposed rate is 7.85% higher than the GRV Residential rate, reflecting this service and infrastructure profile rather than any assumption about business profitability. Costs recovered through separate fees or charges are not intended to be counted again in setting the differential.
GRV Special Use/Rural	GRV-valued land on larger lots within the greater townsite that is predominantly used for special-use or minor rural pursuits, including the keeping of stock or horses.	To raise a fair contribution from GRV land with a special-use or minor-rural land-use profile while recognising that it remains connected to the urban and district service network.	Properties in this category have a different use and development pattern from standard residential land. They benefit from road access, drainage, planning, emergency-management and district services, while their larger lots and rural-style uses require longer lengths of civil infrastructure per lot than smaller properties, and can create different access, amenity and regulatory requirements. The separate rate recognises those characteristics and maintains consistency between properties used for similar purposes.
UV Pastoral	UV-valued land held or used predominantly for pastoral or other rural purposes, excluding land classified as intensive horticulture or mining.	To raise an equitable contribution from pastoral and rural land toward the rural access network, emergency management capacity and district-wide local-government functions.	Pastoral and rural properties are dispersed across a large district. They benefit from the extensive local road network, station access, emergency coordination, land-use planning, governance, advocacy and other district services. While service access differs from urban areas, maintaining roads, response capability and organisational capacity across long distances carries significant fixed and distance-related costs. This category provides the principal reference point for land used for pastoral and general rural purposes.
UV Mining	UV-valued land held or used for mining, exploration or prospecting purposes.	To raise an equitable contribution from mining-related land toward the infrastructure and local-government capacity required to support and respond to those activities.	Mining, exploration and prospecting across remote parts of the district generate significant additional demand (including at times of the year when road damage can be heightened by adverse seasonal conditions) through heavy-vehicle movements, use of local and regional access roads, dispersed operations, emergency-management requirements and governance or compliance activity. The higher differential rate reflects that service and infrastructure profile and the relatively low valuation base of many mining interests. It is not based on an assumption about the profitability of individual operators, and costs recovered through agreements, conditions, fees or other charges should not be counted twice.
UV Intensive Horticulture	UV-valued land predominantly used for intensive horticulture, including the production of fruit, vegetables, vines or flowers.	To raise an equitable contribution from intensive horticulture land toward the infrastructure, planning, emergency and district services that support the sector, while recognising the comparatively high valuations applied to this land.	Intensive horticulture is central to Carnarvon's identity, economy and employment base. Horticultural properties benefit from and create demand for local roads, flood-mitigation and drainage infrastructure, emergency coordination, land-use planning, workforce-related facilitation and advocacy. Many properties are located on the Gascoyne River floodplain, where the Shire has responsibilities associated with levees, drainage and resilience. Because horticultural UVs are comparatively high, a lower rate in the dollar is proposed to avoid a disproportionate rates contribution while still recognising the sector's use of and benefit from Shire services. Under the current model, this category contributes 9.75% of estimated general rates revenue.

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

2. RATES AND SERVICE CHARGES (CONTINUED)

(d) Specified Area Rate

	Budgeted rate applied to costs	Budgeted rate set aside to reserve	Reserve Amount to be applied to costs	Purpose of the rate	Area or properties rate is to be imposed on
Specified area rate	$	$	$		
GRV Coral Bay	460,000	0	0	This rate is raised to contribute to the maintenance and future deliberations of the Coral Bay Refuse Site. The rate will be applied in full to the Coral Bay Refuse Site. Any surplus is required to be transferred to a specific purpose reserve. A surplus is not anticipated.	All properties in Coral Bay based on GRV at $0.08854 rate in the dollar.
	460,000	0	0		

(e) Service Charges

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

(f) 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
					$	$	$		
OTC Dish rates levied	Rate	Concession	100.0%	0	0	0	1,500	Upon Application to Council	To assist an entities ability to refurbish a Council owned asset as per lease agreement.
					0	0	1,500		

SHIRE OF CARNARVON
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	2,008,643	13,063,019	1,228,010
Receivables		3,153,285	3,153,285	814,012
Inventories		90,022	90,022	83,988
Other assets		0	0	266,249
		5,251,950	16,306,326	2,392,259
Less: current liabilities				
Trade and other payables		(3,252,178)	(2,785,178)	(1,140,569)
Contract liabilities		0	(1,450,964)	0
Capital grant/contributions liabilities		0	(3,763,260)	0
Lease liabilities	7	(50,446)	(68,342)	(9,300)
Long term borrowings	8	(617,247)	(570,902)	(365,000)
Employee provisions		(1,123,052)	(1,123,052)	(916,119)
		(5,042,923)	(9,761,698)	(2,430,988)
Net current assets		209,027	6,544,628	(38,729)
Less: Total adjustments to net current assets	3(b)	(209,027)	(1,102,476)	(351,977)
Net current assets used in the Statement of Financial Activity		0	5,442,152	(390,706)

(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.

Adjustments to net current assets	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Less: Reserve accounts	9	(1,999,772)	(2,864,772)	(1,633,096)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		617,247	570,902	365,000
- Current portion of lease liabilities		50,446	68,342	0
Add: Current liabilities covered by funds held in reserve account				
- Current portion of employee benefit provisions		1,123,052	1,123,052	916,119
Total adjustments to net current assets		(209,027)	(1,102,476)	(351,977)

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.

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
(c) Amounts excluded from operating activities				
Less: Fair value adjustments to financial assets at fair value through profit and loss		0	(132,227)	0
Add: Depreciation	6	8,722,886	8,722,886	8,815,610
Non cash amounts excluded from operating activities		8,722,886	8,590,659	8,815,610
(d) Amounts excluded from investing activities				
Right of use assets recognised	5(c)	0	173,933	0
Non cash amounts excluded from investing activities		0	173,933	0
(e) Amounts excluded from financing activities				
Less: Lease liability recognised	7	0	(173,933)	(9,300)
Non cash amounts excluded from financing activities		0	(173,933)	(9,300)

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

3. NET CURRENT ASSETS (CONTINUED)

(f) 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 cashflows 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.

CONTRACT ASSETS
Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at the end of the period.

SHIRE OF CARNARVON
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		2,008,643	13,063,019	1,228,010
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		1,999,772	8,078,996	365,000
Restricted financial assets at amortised cost - term deposits		0	0	1,633,096
		1,999,772	8,078,996	1,998,096
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Reserve accounts	9	1,999,772	2,864,772	1,633,096
Contract liabilities		0	1,450,964	0
Capital grant/contributions liabilities		0	3,763,260	0
Unspent borrowings	8(c)	0	365,000	365,000
Unspent borrowings - held in plant reserve		0	(365,000)	0
Total restricted financial assets		1,999,772	8,078,996	1,998,096

(b) Reconciliation of net cash provided by operating activities

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Net result		5,738,475	2,083,770	2,994,248
Non-cash items:				
Depreciation	6	8,722,886	8,722,886	8,815,610
Adjustments to fair value of financial assets at fair value through profit and loss		0	(132,227)	0
Changes in assets and liabilities:				
(Increase)/decrease in receivables		0	(522,663)	1,449,999
(Increase) in inventories		0	(30,049)	0
Decrease in other assets		0	558,349	0
Increase in trade and other payables		467,000	1,312,523	1,000,000
Increase/(decrease) in contract liabilities		(1,450,964)	904,751	(918,373)
Increase/(decrease) in capital grant/contributions liabilities		(3,763,260)	3,320,523	0
Capital grants, subsidies and contributions		(15,104,400)	(8,963,808)	(14,868,174)
Net cash provided by/(used in) operating activities		(5,390,263)	7,254,055	(1,526,690)

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 cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Interest received is presented under cashflows 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 CARNARVON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2027

5. PROPERTY, PLANT AND EQUIPMENT

The following assets are budgeted to be acquired and/or disposed of during the year.

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	Additions	Additions	Additions
(a) Property, Plant and Equipment	$	$	$
Buildings - non-specialised	786,009	850,771	880,331
Furniture and equipment	268,000	74,590	141,360
Plant and equipment	1,630,609	184,382	420,000
Total	2,684,618	1,109,743	1,441,691
(b) Infrastructure			
Infrastructure - roads	4,034,420	2,838,320	4,093,069
Infrastructure - footpaths	200,000	74,990	75,000
Infrastructure - drainage	175,000	40,790	40,790
Infrastructure - parks and ovals	0	3,058,263	0
Other infrastructure - airport	522,000	154,286	8,000,000
Other infrastructure	13,763,231	1,394,276	3,374,603
Other infrastructure - landfill	0	77,744	0
Total	18,694,651	7,638,669	15,583,462
(c) Right of Use Assets			
Right of use - buildings	0	120,693	0
Right of use - furniture and fittings	0	53,240	0
	0	173,933	0
Total	21,379,269	8,922,345	17,025,153

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.

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

6. DEPRECIATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
By Class			
Buildings - non-specialised	53,012	53,012	1,037,800
Buildings - specialised	651,912	651,912	0
Furniture and equipment	54,223	54,223	56,100
Plant and equipment	519,702	519,702	446,900
Infrastructure - roads	3,704,471	3,704,471	3,623,200
Infrastructure - footpaths	234,752	234,752	229,500
Infrastructure - bridges	128,025	128,025	128,200
Infrastructure - drainage	1,031,081	1,031,081	1,023,000
Infrastructure - parks and ovals	1,730	1,730	1,800
Infrastructure - levee	248,406	248,406	248,700
Other infrastructure - airport	1,060,188	1,060,188	1,060,000
Other infrastructure - carparks	44,122	44,122	44,300
Other infrastructure	865,502	865,502	825,500
Other infrastructure - landfill	1,500	1,500	0
Right of use - plant and equipment	68,782	68,782	16,000
Right of use - furniture and fittings	55,478	55,478	74,610
	8,722,886	8,722,886	8,815,610
By Program			
Governance	206,449	206,449	235,510
Law, order, public safety	78,079	78,079	115,900
Health	5,915	5,915	6,900
Education and welfare	46,638	46,638	66,800
Housing	15,974	15,974	14,300
Community amenities	358,795	358,795	366,300
Recreation and culture	1,219,340	1,219,340	1,423,100
Transport	6,295,460	6,295,460	6,242,100
Economic services	16,629	16,629	11,700
Other property and services	479,607	479,607	333,000
	8,722,886	8,722,886	8,815,610

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:

Buildings	20 - 90 years
Furniture and Equipment	5 years
Plant and Equipment	4 - 50 years
Footpaths	40 - 80 years
Other Infrastructure	10 - 90 years
Right of use - plant and equipment	Based on the remaining lease
Right of use - furniture and fittings	Based on the remaining lease
Sealed roads and streets	
- clearing and earthworks	not depreciated
- construction/road base	24 years
- kerbing	60 years
original surfacing and major re-surfacing	
- bituminous seals	14 years
- asphalt surfaces	14 years
Gravel roads	
- clearing and earthworks	not depreciated
- construction/road base	24 years
- gravel sheet	12 years
Formed roads (unsealed)	
- clearing and earthworks	not depreciated
- construction/road base	24 years

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.

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

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
					$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Copier	NA	NA	NA	NA	0	0	0	0	0	0	0	0	0	0	1,851	2,800	(4,651)	0	(294)
Admin Copier	NA	NA	4.6%	5 years	15,250	0	(2,778)	12,472	(643)	0	15,250	0	15,250	0	0	0	0	0	0
IT Equipment	NA	Integrated ICT	3.5%	36 months	20,157	0	(20,157)	0	(116)	66,692	20,157	(66,692)	20,157	(1,257)	66,692	6,500	(73,192)	0	(1,822)
Fleet	NA	NA	NA	NA	0	0	0	0	0	0	0	0	0	0	53,231	0	(53,231)	0	(420)
Copier Plan Copier	**09AUS1	HP Financial Serv.	4.6%	36 months	6,613	0	(2,748)	3,865	(247)	0	8,376	(1,763)	6,613	(233)	0	0	0	0	0
IT Laptops	**83AUS2	Integrated ICT	4.6%	36 months	6,493	0	(2,342)	4,151	(250)	0	7,250	(757)	6,493	(107)	0	0	0	0	0
Fleet - P404	35180	Fleetcare	4.6%	36 months	97,035	0	(40,317)	56,718	(3,621)	0	122,900	(25,865)	97,035	(3,424)	0	0	0	0	0
					145,548	0	(68,342)	77,206	(4,877)	66,692	173,933	(95,077)	145,548	(5,021)	121,774	9,300	(131,074)	0	(2,536)

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.

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

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
				$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Airport Corrective Works	216	WATC	3.10%	25,880	0	(25,880)	0	(395)	76,481	0	(50,601)	25,880	(2,031)	76,480	0	(50,601)	25,879	(1,950)
Plant and Equipment	217	WATC	3.50%	970,316	0	(264,337)	705,979	(34,323)	1,224,905	0	(254,589)	970,316	(45,982)	1,224,905	0	(254,589)	970,316	(44,071)
Heavy Plant	219	WATC	4.30%	565,609	0	(103,631)	461,978	(23,412)	664,889	0	(99,280)	565,609	(33,124)	664,888	0	(99,280)	565,608	(27,764)
Light Fleet	220	WATC	4.30%	147,516	0	(47,117)	100,399	(5,782)	192,689	0	(45,173)	147,516	(9,097)	192,688	0	(45,173)	147,515	(7,725)
Housing (RED House)	221	WATC	5.20%	477,709	0	(15,847)	461,862	(24,726)	492,760	0	(15,051)	477,709	(35,920)	492,760	0	(15,051)	477,709	(25,521)
Plant	222	WATC	4.59%	365,000	0	(66,496)	298,504	(15,614)	0	365,000	0	365,000	(3,543)	0	365,000	0	365,000	0
Heavy Plant	TBA	WATC	5.55%	0	1,250,000	(47,594)	1,202,406	(34,688)	0	0	0	0	0	0	0	0	0	0
Short term capital funding	TBA	WATC	5.55%	0	5,000,000	(5,000,000)	0	0				0					0	
				2,552,030	6,250,000	(5,570,902)	3,231,128	(138,940)	2,651,724	365,000	(464,694)	2,552,030	(129,697)	2,651,721	365,000	(464,694)	2,552,027	(107,031)

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

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

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
				%	$	$	$	$
Purchase heavy plant and equipment	WATC	Debenture	10	5.55%	1,250,000	34,688	(1,250,000)	0
Short term capital funding	WATC	Short term	1	5.55%	5,000,000	variable	(5,000,000)	0
					6,250,000	34,688	(6,250,000)	0

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd.	Amount used 2026/27 Budget	New loans unspent at 30 June 2027	Amount as at 30 June 2027
			$	$	$	$
Loan 222	Purchase of plant	2025/26	365,000	(365,000)	0	0
			365,000	(365,000)	0	0

(d) Credit Facilities

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	200,000	200,000	200,000
Bank overdraft at balance date	0	0	0
Credit card limit	20,000	20,000	20,000
Credit card balance at balance date	0	(19,289)	(5,000)
Total amount of credit unused	220,000	200,711	215,000
Loan facilities			
Loan facilities in use at balance date	3,231,128	2,552,030	2,552,027
Unused loan facilities at balance date	0	365,000	365,000

Overdraft details	Purpose overdraft was established	Year overdraft established	Amount b/fwd 1 July 2026	2026/27 Budgeted Increase/ (Decrease)	Amount as at 30th June 2027
			$	$	$
ANZ - Closure of Overdraft and transfer to CBA	Cashflow	1997	200,000	(200,000)	0
CBA - To replace ANZ Overdraft in 26/27	Cashflow	2026	0	200,000	200,000
			200,000	0	200,000

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.

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

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 legislation												
(a) Specified area rate reserve	79,640	0	0	79,640	78,683	957	0	79,640	78,683	375,366	(375,366)	78,683
	79,640	0	0	79,640	78,683	957	0	79,640	78,683	375,366	(375,366)	78,683
Restricted by council												
(b) Leave reserve	388,319	0	0	388,319	383,648	4,671	0	388,319	383,647	0	(100,570)	283,077
(c) Plant Reserve	431,876	0	(365,000)	66,876	65,355	366,521	0	431,876	65,356	0	0	65,356
(d) Waste Disposal Reserve	168,713	0	0	168,713	166,685	2,028	0	168,713	166,684	0	0	166,684
(e) Mosquito Management Reserve	11,253	0	0	11,253	11,118	135	0	11,253	11,118	0	0	11,118
(f) Airport Renewal and Upgrade Reserve	65,197	0	0	65,197	64,413	784	0	65,197	64,413	0	0	64,413
(g) Asset Upgrades and Renewal Reserve	281,903	0	(200,000)	81,903	278,512	3,391	0	281,903	278,512	0	(194,494)	84,018
(h) Emergency Management Reserve	293,307	0	0	293,307	289,779	3,528	0	293,307	289,779	0	0	289,779
(i) Fascine Upgrade and Renewal Reserve	266,684	0	0	266,684	263,476	3,208	0	266,684	263,476	0	0	263,476
(j) Strategic Projects Reserve	731,922	0	(300,000)	431,922	723,119	8,803	0	731,922	723,119	0	(640,830)	82,289
(k) Blowholes Reserve Management Funds	145,958	0	0	145,958	144,202	1,756	0	145,958	144,203	0	0	144,203
(l) Enterprise Resource Planning System	0	0	0	0	0	0	0	0	0	100,000	0	100,000
	2,785,132	0	(865,000)	1,920,132	2,390,307	394,825	0	2,785,132	2,390,307	100,000	(935,894)	1,554,413
	2,864,772	0	(865,000)	1,999,772	2,468,990	395,782	0	2,864,772	2,468,990	475,366	(1,311,260)	1,633,096

(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		
(a) Specified area rate reserve	Ongoing	To be used for maintenance and capital costs associated with Coral Bay Refuse Site. Annual transfer being revenue as raised by Specified Area Rate raised less expenditure at Coral Bay Waste facility and services, (excludes depreciation).
Restricted by council		
(b) Leave reserve	Ongoing	To fund the current annual and long service leave requirements.
(c) Plant Reserve	Ongoing	To fund the acquisition of new plant as per the Plant Replacement program.
(d) Waste Disposal Reserve	Ongoing	To be used for maintenance or capital expenditure at Browns Range Refuse Site. Annual transfer being revenue as raised by waste charge, less actual expenditure (excluding depreciation) on Carnarvon waste management facilities and service.
(e) Mosquito Management Reserve	Ongoing	To be used for the purpose of delivering services to assist in mosquito management within the Shire of Carnarvon, which includes funding from the Department of Health.
(f) Airport Renewal and Upgrade Reserve	Ongoing	To fund upgrades and renewal at the Carnarvon Airport.
(g) Asset Upgrades and Renewal Reserve	Ongoing	To fund the upgrade and renewal of existing assets.
(h) Emergency Management Reserve	Ongoing	To be used in the preparation for and providing immediate assistance, relief and recovery to the community in response to an emergency within the Shire of Carnarvon.
(i) Fascine Upgrade and Renewal Reserve	Ongoing	To fund the upgrades and renewal of Fascine Infrastructure.
(j) Strategic Projects Reserve	Ongoing	To fund development of strategic projects and new infrastructure.
(k) Blowholes Reserve Management Funds	Ongoing	To fund the implementation of the Blowholes Reserve management plan.
(l) Enterprise Resource Planning System	2029	To fund the replacement of the Shire's current Enterprise Resource Planning System as the current system will no longer be supported by 2029.

SHIRE OF CARNARVON
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FOR THE YEAR ENDED 30 JUNE 2027

10. OTHER INFORMATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
The net result includes as revenues	$	$	$
(a) Interest earnings			
Investments	320,000	162,022	320,000
Other interest revenue	207,000	201,777	172,000
	527,000	363,799	492,000
The net result includes as expenses			
(b) Auditors remuneration			
Audit services	75,000	56,475	63,375
Other services	3,000	12,164	0
	78,000	68,639	63,375
(c) Interest expenses (finance costs)			
Borrowings (refer Note 8(a))	138,940	129,697	107,031
Interest on lease liabilities (refer Note 7)	4,877	5,021	2,536
	143,817	134,718	109,567

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

11. COUNCIL MEMBERS REMUNERATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
President			
President's allowance	22,474	42,911	51,492
Meeting attendance fees	8,724	16,657	19,988
Other expenses	3,750	1,293	1,250
Travel and accommodation expenses	625	0	1,250
Superannuation contribution payments	3,744	0	2,524
	39,317	60,861	76,504
Deputy President			
Deputy President's allowance	5,620	11,801	12,876
Meeting attendance fees	8,724	18,322	19,988
Other expenses	3,750	1,293	1,250
Travel and accommodation expenses	625	0	1,250
Superannuation contribution payments	1,721	2,629	2,524
	20,440	34,045	37,888
Council member 3			
Meeting attendance fees	8,724	16,656	19,988
Other expenses	3,750	1,293	1,250
Travel and accommodation expenses	625	0	1,250
Superannuation contribution payments	1,047	1,399	2,524
	14,146	19,348	25,012
Council member 4			
Meeting attendance fees	8,724	16,656	19,988
Other expenses	3,750	1,293	1,250
Travel and accommodation expenses	625	0	1,250
Superannuation contribution payments	1,047	1,399	2,523
	14,146	19,348	25,011
Council member 5			
Meeting attendance fees	8,724	4,997	19,987
Other expenses	3,750	2,983	1,250
Travel and accommodation expenses	625	352	1,250
Superannuation contribution payments	1,047	0	2,523
	14,146	8,332	25,010
Council member 6			
Meeting attendance fees	8,724	11,660	19,987
Other expenses	3,750	1,773	1,250
Travel and accommodation expenses	625	3,881	1,250
Superannuation contribution payments	1,047	1,865	2,523
	14,146	19,179	25,010
Council member 7			
Meeting attendance fees	8,724	3,331	19,987
Other expenses	3,750	1,293	1,250
Travel and accommodation expenses	625	0	1,250
Superannuation contribution payments	1,047	0	2,523
	14,146	4,624	25,010
Council member 8			
Meeting attendance fees	8,724	18,322	19,987
Other expenses	3,750	1,293	1,250
Travel and accommodation expenses	625	0	1,250
Superannuation contribution payments	1,047	1,599	2,523
	14,146	21,214	25,010
Council member 9			
Meeting attendance fees	0	16,656	0
Superannuation contribution payments	0	1,399	0
	0	18,055	0
Council member 10			
Meeting attendance fees	0	4,997	0
Superannuation contribution payments	0	352	0
	0	5,349	0
Commissioner			
Meeting attendance fees	135,402	20,533	0
Travel and accommodation expenses	25,000	0	0
Superannuation contribution payments	16,248	2,464	0
	176,650	22,997	0
Total Council Member Remuneration	321,283	233,352	264,455
President's allowance	22,474	42,911	51,492
Deputy President's allowance	5,620	11,801	12,876
Meeting attendance fees	205,194	148,787	159,900
Other expenses	30,000	12,514	10,000
Travel and accommodation expenses	30,000	4,233	10,000
Superannuation contribution payments	27,995	13,106	20,187
	321,283	233,352	264,455

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

12. TRUST FUNDS

Funds held at balance date which are required by legislation to be credited to the trust fund and which are not included in the financial statements are as follows:

Detail	Balance 1 July 2026	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2027
	$	$	$	$
Public Open Space Deposits	140,374	0	0	140,374
	140,374	0	0	140,374

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

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.

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

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, minor facilities, research, design, planning evaluation and services	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
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
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
Sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods

SHIRE OF CARNARVON
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FOR THE YEAR ENDED 30 JUNE 2027

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 efficient allocation of scarce resources.	Administration and operations of facilities and services to members of Council. Other costs which relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.
General purpose funding To collect general revenue to allow for the provision of services.	Rates activity, general purpose grants, banking costs and interest revenue.
Law, order, public safety To provide services to help ensure a safer community.	Supervision of various local laws, fire prevention, emergency services, CBD security, administration of the Crime Prevention Plan.
Health To provide an operational framework for good community health.	Food quality and pest control, inspections and infant health. This function also provides for the implementation of the Healthy Lifestyles model.
Education and welfare To meet the needs of the community in these areas.	Support pre-school facilities and assistance of seniors and retirement villages. This function also provides for Youth Strategy and the accounting of the Carnarvon Youth Co-Ordinating Networks finance as part of the agreement.
Housing To meet the needs of the Shire of Carnarvon Staff.	Staff Housing including rent, maintenance and utilities and construction of residential housings for rent
Community amenities To provide sanitary and essential services required by the community. To provide land development strategies and to process land development activities. Environmental sustainability.	Refuse collection services, operation of refuse site, administration of town planning scheme, cemetery services and maintenance, environmental protection services and land development services.
Recreation and culture To establish and effectively manage infrastructure and resources which will help the social well-being of the community.	Operations of the Civic Centre (Camel Lane), aquatic centre and beach areas, regional library service, cultural and heritage services and facilities, reserves, parks and gardens.
Transport To provide safe, effective and efficient transport services to the community.	Maintenance of streets, roads, footpaths, street lighting, airport. Agency for Department of Planning and Infrastructure's on line vehicle licensing services.
Economic services To help promote and market the Shire of Carnarvon to the world and improve the economic well-being. To ensure building development regulations are adhered to.	Noxious weed control, tourism and area promotion, building control and services.
Other property and services To ensure works programs are operating efficiently.	Private works operations, public works operations and plant operations.

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

15. FEES AND CHARGES

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
By Program:			
Governance	0	4,113	100
General purpose funding	72,350	97,962	81,200
Law, order, public safety	38,000	47,920	29,500
Health	17,900	17,702	20,402
Education and welfare	5,000	21,939	5,000
Community amenities	2,310,500	1,951,796	1,898,453
Recreation and culture	66,750	62,262	85,020
Transport	1,495,000	1,240,653	1,207,242
Economic services	316,000	359,913	368,485
Other property and services	0	63,655	0
	4,321,500	3,867,915	3,695,402

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

STATEMENT OF OBJECTS AND REASONS

Proposed Differential General Rates and Minimum Payments 2026/27

Keeping essential services reliable, supporting recovery, protecting local assets and leveraging external investment - while sharing the cost fairly

Purpose and status of this statement

Section 6.36 of the Local Government Act 1995 requires the Shire to give local public notice of the proposed differential rates and minimum payments and to publish a document describing the object of, and reason for, each proposal. This statement provides that explanation and supports informed community consultation.

During the period of the Commissioner appointment, references in this statement to Council mean the Commissioner exercising the functions of Council.

The Commissioner is considering whether to advertise the proposal. The rates will not be imposed until the consultation period has closed, all submissions have been considered and a final decision is made through adoption of the 2026/27 Annual Budget.

At a glance

Key point	Current proposal
Proposed movement in total general rates yield	8.5% compared with the adopted 2025/26 general rates yield.
Estimated 2026/27 general rates revenue	$7,969,424 across the six proposed differential rating categories.
Proposed minimum payment	$1,580 for every differential rating category.
Modelled average GRV Residential movement	Approximately $175 a year, $14.58 a month or $3.37 a week.
Impact on an individual property	Will vary according to valuation, rating category and whether the minimum payment applies.
Exceptional 2026/27 commitments	Governance transition, recovery from Severe Tropical Cyclone Narelle (AGRN 1280), service continuity after multiple emergency events, and delivery of major matched-funding projects.
Community consultation	At least 21 days, with every submission considered before a final decision.

A balanced approach for the Shire of Carnarvon

The Shire recognises the genuine cost-of-living and operating pressures affecting households in Carnarvon and Coral Bay, local businesses, growers, pastoralists, tourism operators, community organisations and other ratepayers. The community is being asked to contribute more at a time when many budgets are already stretched, and that must be acknowledged plainly.

The proposal seeks a responsible middle course. It does not attempt to recover every past shortfall in one year or fund an unconstrained program. It is intended to maintain essential services, protect priority assets and preserve the local capability needed to deliver projects and secure external funding. The Shire has also considered other revenue sources, expenditure, efficiencies and project timing. A lower rates yield remains available, but it would require an explicit decision to reduce services, defer works or identify alternative revenue.

How rates are calculated

Property valuation x rate in the dollar = general rate, subject to any applicable minimum payment.

The Valuer-General determines property valuations; the Shire does not. The Shire sets the rate in the dollar and the minimum payment through its annual budget process. Changes in valuation, rating category or minimum payment can therefore cause an individual rates notice to move by a different percentage from the overall change in rates revenue.

Land used predominantly for non-rural purposes is generally rated on Gross Rental Value (GRV). Land used predominantly for rural purposes is generally rated on Unimproved Value (UV). Carnarvon's current GRV general valuation took effect on 1 July 2024, while UV valuations are updated annually.

Differential rating allows Council to apply different rates in the dollar to categories based on lawful land characteristics such as zoning or land use. It is intended to distribute the rates burden in a way that is objective, consistent and explainable; it is not an assessment of a ratepayer's income or business profitability.

Why the proposed revenue matters in the Shire of Carnarvon

After accounting for grants, fees, charges and other income, general rates fund the remaining budget requirement. Carnarvon's rate-setting challenge is shaped by local realities: a comparatively small rate base, a remote service footprint, a demanding operating environment and community expectations for reliable basic services, renewal and visible progress. The Shire must balance immediate affordability with the risk of allowing service capacity, asset condition or emergency readiness to decline.

Budget consideration	Why it matters in Carnarvon
Carnarvon, Coral Bay and the wider district	The Shire serves two distinct communities and a large rural and remote district, while supporting residential, commercial, tourism, horticultural, pastoral and resource activity.
Regional-scale responsibilities	A comparatively small rate base supports two airports, two waste facilities, extensive roads and drainage, community and recreation facilities, coastal infrastructure and district-wide administration.
Remote delivery costs	Freight, contractor mobilisation, labour availability, staff housing, insurance, utilities, fuel and supply-chain constraints make routine services and works more expensive to deliver.
Multiple emergency events	During the current operational period, the Shire has managed two cyclone events and one flood event. Response, service continuity, public information and community support have drawn on staff, plant, contractors and local resources.
Governance transition	The appointment of a Commissioner until the special election provides continuity and decision-making stability, but also requires additional governance, meeting, legal, records, stakeholder-engagement and election-preparation capacity while ordinary services continue.
Confidence, investment and external funding	Safe roads, clean public places, regional aviation, visitor infrastructure and credible project delivery support liveability, business confidence and tourism. Local funds and staff capacity are also needed to attract and deliver State and Commonwealth investment.

Governance transition and recovery responsibilities

The appointment of the Commissioner has provided governance continuity and a clear decision-making pathway until the special election on 3 December 2026 and the transition to a newly elected Council. The transition is nevertheless not cost neutral. It requires temporary additional administrative and governance capacity for meetings, legal and statutory processes, records, stakeholder communication and preparation for the special election, while the organisation continues to deliver services and major projects.

During the current operational period, the Shire has managed two cyclone events and a flood event. Severe Tropical Cyclone Narelle and associated flooding (AGRN 1280, 25-28 March 2026) has moved the Shire from emergency response into sustained recovery. This work includes community information and support, liaison with businesses and primary producers, damage assessment, recovery planning, restoration of public assets, grant and claim administration, and coordination with State and Commonwealth agencies.

Disaster assistance is essential, but it does not remove the local burden. The Shire must carry staff time, cashflow, procurement, claims and reporting, and meet any required co-contributions or ineligible costs while routine roads, waste, planning, community, airport and regulatory services continue.

> **The rates proposal is not presented as a substitute for disaster assistance. It supports the base local capacity needed to continue ordinary services, administer recovery properly and meet legitimate local recovery obligations.**

Matched funding and major project delivery

The Shire is also progressing major projects supported, or proposed to be supported, by State or Commonwealth funding. This represents a strong return on local investment, but external funding is rarely cost-free. Funding agreements commonly require local co-contributions and significant Shire capacity for project development, procurement, contract administration, cashflow, reporting, commissioning and future operation and maintenance.

Subject to final budget adoption, project scope and funding agreements, the major matched-funding program includes:

- the Carnarvon Airport runway, taxiway and apron pavement upgrade, including works required to support unrestricted Q400 operations;
- the Coral Bay Airstrip runway and taxiway pavement upgrade;
- the Carnarvon Woolshed (Civic Centre) roof and emergency evacuation-centre upgrade; and
- planning and staged development for the relocation of the Coral Bay Waste Facility.

Rates are not the sole funding source for these projects. They support the local contribution and organisational capability needed to secure, manage and complete the investment, and to operate and maintain the resulting assets responsibly.

What the proposed revenue is intended to support

Rates contribute to the full range of Shire services and infrastructure, including local roads and drainage, parks and public spaces, libraries and recreation facilities, waste and environmental services, community safety, planning, economic development, emergency readiness and the operation of regional facilities.

For Carnarvon, these foundations are also part of community and economic resilience. Reliable roads and drainage, clean public spaces, functioning facilities, emergency readiness and visible project delivery help retain residents and workers, support local business and tourism, and build confidence in the district.

Other programs planned to continue or progress in 2026/27, subject to final budget adoption, include:

- verge and footpath upgrades, including works along North River Road, South River Road and Olivia Terrace;
- the Carnarvon Activation Project, including the Big Banana playground, public-realm improvements, signage and community art;
- the Fascine to Harbour Walkway project;
- Tramway Bridge rebuild and upgrade works; and
- the annual roads program, including renewal, maintenance and traffic-management improvements.

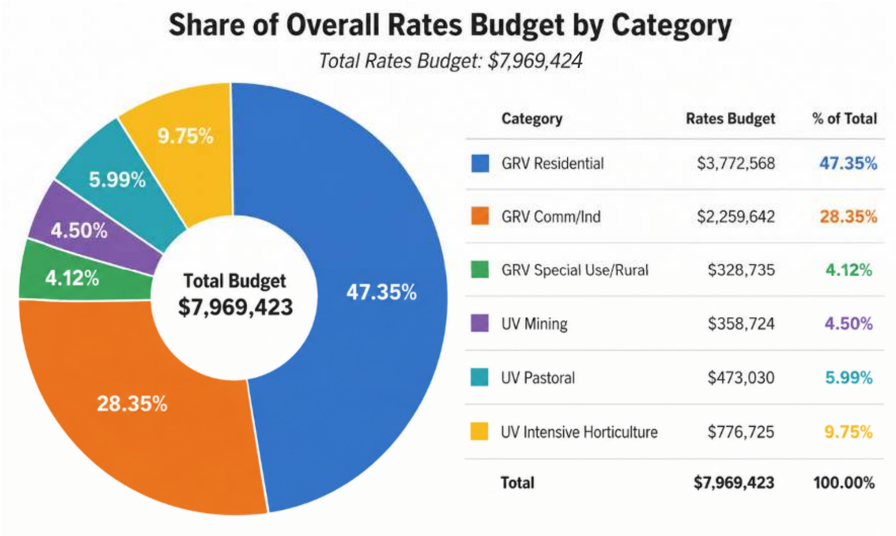
Together, these services and projects are supported by a broader funding mix that may include general rates, grants, reserves, fees, charges and other revenue.

Proposed differential rating schedule 2026/27

The following schedule reflects the current rates model. The final public notice, this statement and the Council resolution must contain matching rates and minimum payments. Estimated revenue may change if final valuations or property classifications change.

Rating category	Basis	Rate (cents/$)	Minimum	Properties	Est. revenue
GRV Residential	GRV	11.7000	$1,580	1,685	$3,772,568
GRV Commercial/Industrial	GRV	12.6180	$1,580	331	$2,259,642
GRV Special Use/Rural	GRV	12.5920	$1,580	107	$328,735
UV Pastoral	UV	14.0150	$1,580	40	$473,030
UV Mining	UV	31.8400*	$1,580	61	$358,724
UV Intensive Horticulture	UV	2.9850	$1,580	170	$776,725
Estimated total general rates revenue					**$7,969,424**

The schedule covers the six proposed differential general-rate categories. Any specified area rates, service charges, interim rates or concessions are dealt with separately.



Object and reason for the proposed minimum payment

Proposed minimum payment: $1,580 for every differential rating category.

Object: To ensure every rateable property makes a reasonable minimum contribution toward the cost of maintaining the Shire's basic service capacity, facilities and civic functions, regardless of the property's valuation.

Reason: A significant component of local-government expenditure is fixed and is incurred for the benefit of the district as a whole. Maintaining basic capability across Carnarvon, Coral Bay and the wider district carries costs regardless of the value of an individual property or how frequently a particular service is used. A common minimum supports equity across categories, simplifies the structure and avoids properties with very low valuations making an unreasonably small contribution. The proposed $1,580 minimum continues the aligned structure introduced in 2025/26 and represents an increase of $126 a year for properties on the minimum.

Before publication and adoption, the rates model should be checked against the statutory limits applying to minimum payments in each valuation basis and differential category.

Objects and reasons for each proposed differential general rate

Each category is defined by the predominant use of the land. The object states what Council intends the category to achieve. The reason explains why the proposed rate differs from other rates within the same valuation basis.

GRV Residential

Basis GRV	Rate / minimum 11.7000 c/$ $1,580	Properties 1,685	Estimated revenue $3,772,568
Category	GRV-valued land predominantly used for residential purposes.		
Object	To establish the principal GRV rate and raise an equitable contribution toward the broad range of local-government services and infrastructure available to residential properties and the wider community.		
Reason	Residential properties form the largest rating category and the core of the Shire's rate base. Households across Carnarvon and Coral Bay benefit from, or have access to, a wide range of local services, including local roads and drainage, parks and public spaces, libraries, recreation and community facilities, community safety, planning, environmental services and district-wide governance. The proposed rate is the reference point for the other GRV categories and is intended to protect the everyday services and local amenity that underpin liveability, community wellbeing and confidence in the district.		

GRV Residential properties are expected to raise 47.35% of total rate revenue

GRV Commercial/Industrial

Basis GRV	Rate / minimum 12.6180 c/$ | $1,580	Properties 331	Estimated revenue $2,259,642
Category	GRV-valued land predominantly used for commercial, town-centre or industrial purposes.		
Object	To raise an equitable contribution from commercial and industrial land toward the services and infrastructure that support business activity, employment and the operation of commercial areas.		
Reason	Commercial and industrial properties across Carnarvon and Coral Bay benefit from and can generate demand for road access, parking and public-realm infrastructure, town presentation, drainage, environmental health, planning and building services, visitor amenity and economic-development capability. The proposed rate is 7.85% higher than the GRV Residential rate, reflecting this service and infrastructure profile rather than any assumption about business profitability. Costs recovered through separate fees or charges are not intended to be counted again in setting the differential.		

GRV Commercial properties are expected to raise 28.35% of total rate revenue

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GRV Special Use/Rural

Basis GRV	Rate / minimum 12.5920 c/$ | $1,580	Properties 107	Estimated revenue $328,735
Category	GRV-valued land on larger lots within the greater townsite that is predominantly used for special-use or minor rural pursuits, including the keeping of stock or horses.		
Object	To raise a fair contribution from GRV land with a special-use or minor-rural land-use profile while recognising that it remains connected to the urban and district service network.		
Reason	Properties in this category have a different use and development pattern from standard residential land. They benefit from road access, drainage, planning, emergency-management and district services, while their larger lots and rural-style uses require longer lengths of civil infrastructure per lot than smaller properties, and can create different access, amenity and regulatory requirements. The separate rate recognises those characteristics and maintains consistency between properties used for similar purposes.		

GRV Special Use/ rural properties are expected to raise 4.12% of total rate revenue

UV Pastoral

Basis UV	Rate / minimum 14.0150 c/$ | $1,580	Properties 40	Estimated revenue $473,030
Category	UV-valued land held or used predominantly for pastoral or other rural purposes, excluding land classified as intensive horticulture or mining.		
Object	To raise an equitable contribution from pastoral and rural land toward the rural access network, emergency-management capacity and district-wide local-government functions.		
Reason	Pastoral and rural properties are dispersed across a large district. They benefit from the extensive local road network, station access, emergency coordination, land-use planning, governance, advocacy and other district services. While service access differs from urban areas, maintaining roads, response capability and organisational capacity across long distances carries significant fixed and distance-related costs. This category provides the principal reference point for land used for pastoral and general rural purposes.		

UV Pastoral properties are expected to raise 5.99% of the total rate revenue

UV Mining

Basis UV	Rate / minimum 31.8400* c/$ | $1,580	Properties 61	Estimated revenue $358,724
Category	UV-valued land held or used for mining, exploration or prospecting purposes.		
Object	To raise an equitable contribution from mining-related land toward the infrastructure and local-government capacity required to support and respond to those activities.		
Reason	Mining, exploration and prospecting across remote parts of the district generate significant additional demand (including at times of the year when road damage can be heightened by adverse seasonal conditions) through heavy-vehicle movements, use of local and regional access roads, dispersed operations, emergency-management requirements and governance or compliance activity. The higher differential rate reflects that service and infrastructure profile and the relatively low valuation base of many mining interests. It is not based on an assumption about the profitability of individual operators, and costs recovered through agreements, conditions, fees or other charges should not be counted twice.		

UV Mining is expected to raise 4.5% of total rate revenue

UV Intensive Horticulture

Basis UV	Rate / minimum 2.9850 c/$ | $1,580	Properties 170	Estimated revenue $776,725
Category	UV-valued land predominantly used for intensive horticulture, including the production of fruit, vegetables, vines or flowers.		
Object	To raise an equitable contribution from intensive horticulture land toward the infrastructure, planning, emergency and district services that support the sector, while recognising the comparatively high valuations applied to this land.		
Reason	Intensive horticulture is central to Carnarvon's identity, economy and employment base. Horticultural properties benefit from and create demand for local roads, flood-mitigation and drainage infrastructure, emergency coordination, land-use planning, workforce-related facilitation and advocacy. Many properties are located on the Gascoyne River floodplain, where the Shire has responsibilities associated with levees, drainage and resilience. Because horticultural UVs are comparatively high, a lower rate in the dollar is proposed to avoid a disproportionate rates contribution while still recognising the sector's use of and benefit from Shire services. Under the current model, this category contributes 9.75% of estimated general rates revenue.		

UV Intensive Horticulture is expected to raise 9.75% of total rate revenue.

Fairness, affordability and accountability

The Shire's rating approach is guided by the principles of objectivity, fairness and equity, consistency, transparency and administrative efficiency. Similar properties used for the same purpose should be rated consistently, and each differential should be supported by a clear land-use rationale.

The proposal also recognises that affordability is real. The Shire is not suggesting that an increase is insignificant simply because it can be expressed as a weekly amount. The relevant test is whether the proposed yield is necessary, the rating burden is distributed fairly and the community can see what the additional revenue is intended to sustain.

The Shire also recognises that it cannot rate its way to prosperity. The proposed increase must sit alongside expenditure discipline, active pursuit of grants and commercial revenue, appropriate cost recovery, advocacy for State and Commonwealth investment and delivery against the projects and service levels adopted in the budget.

For transparency, the final budget will separately identify the temporary cost of Commissioner-led governance, special-election preparation and the transition to an elected Council; gross disaster-response and recovery expenditure, expected reimbursements and the net local contribution; and the Shire contribution, external funding and future operating responsibility attached to each major project.

In asking the community to contribute more, the Shire commits to:

- consider every submission before making the final rates decision;
- explain any material change between the advertised and adopted rating model;
- continue to pursue efficiencies, grants, commercial revenue and appropriate cost recovery;
- provide clear information about payment options and hardship assistance; and
- report publicly on financial performance, service delivery and the progress of adopted projects.

Consultation and next steps

The local public notice will state the proposed rates and minimum payment, the closing date for submissions and where the full proposal can be inspected. Electors and ratepayers will have at least 21 days to make a submission.

The Commissioner must consider all submissions before the rates may be imposed, with or without modification. Where Ministerial approval is required, that approval must be obtained before the relevant rate can be imposed.

Inspect / enquiries	Shire Administration Centre, 3 Francis Street, Carnarvon | (08) 9941 0000
Email	shire@carnarvon.wa.gov.au
Post	Chief Executive Officer, Shire of Carnarvon, PO Box 459, Carnarvon WA 6701
Website	www.carnarvon.wa.gov.au

Amanda Dexter
Chief Executive Officer

PUBLIC NOTICE

Shire of CARNARVON
CATCH A taste OF THE GREAT LIFE

INTENTION TO IMPOSE DIFFERENTIAL RATES FOR THE 2026/2027 FINANCIAL YEAR

In accordance with section 6.36 of the Local Government Act 1995 (WA), the Shire of Carnarvon hereby gives notice of its intention to impose differential rates for each rating category in the 2026-27 financial year. Details of the proposed rate charges are as follows:

Differential rating category	Proposed 2026/27 minimum payment	Proposed rate in the dollar
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

The proposed rates-in-the-dollar and minimum payments are based on estimates at the time of giving public notice and may change as part of Council's 2026-27 budget deliberations or to comply with specific provisions of the Local Government Act 1995.

Submissions are invited from electors and ratepayers in respect of the proposed rates or minimum payments and any related matters within 21 days of this notice.

Written submissions regarding the proposed differential rates are invited and must be received by 4:00 pm on Thursday 23 July 2026 and may be:

- Mailed to the Shire of Carnarvon at PO Box 459, Carnarvon WA 6701; or
- Emailed to shire@carnarvon.wa.gov.au

A Statement of Objects and Reasons for each proposed rate and minimum payment has been prepared and is published on the Shire's website www.carnarvon.wa.gov.au and may be inspected at the following locations during normal operating hours for the following business units:

- Shire of Carnarvon Administration Building, 3 Francis Street, Carnarvon
- Carnarvon Library & Art Gallery, 18 Egan Street, Carnarvon

Council will consider all submissions received, and any other relevant information that will impact upon estimates of revenue and expenditure, current economic climate including forecasts of inflation and changes in Commonwealth or State Government appropriations and charges prior to setting the rates and minimum payments.

Amanda Dexter
Chief Executive Officer

Published: 1/07/2026

(08) 9941 0000 shire@carnarvon.wa.gov.au www.carnarvon.wa.gov.au

5 CLOSURE