SHIRE OF NANNUP

ANNUAL BUDGET

FOR THE YEAR ENDED 30 JUNE 2027

LOCAL GOVERNMENT ACT 1995

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The Shire of Nannup a Class 4 local government conducts the operations of a local government with the following community vision:

To foster a community that acknowledges its heritage, values and lifestyle whilst encouraging sustainable development.

SHIRE OF NANNUP
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)	3,015,250	2,843,732	2,854,618
Grants, subsidies and contributions		955,661	2,989,058	1,424,900
Fees and charges	15	796,811	818,736	791,339
Interest revenue	10(a)	191,043	204,992	211,433
Other revenue		77,655	133,791	66,810
		5,036,420	6,990,309	5,349,100
Expenses				
Employee costs		(3,556,683)	(3,201,698)	(3,219,923)
Materials and contracts		(2,221,787)	(1,965,243)	(2,245,996)
Utility charges		(120,934)	(95,633)	(109,567)
Depreciation	6	(5,791,892)	(5,732,977)	(5,763,075)
Finance costs	10(b)	(16,853)	(16,988)	(16,853)
Insurance		(240,203)	(224,750)	(232,945)
Other expenditure		(219,910)	(233,639)	(224,704)
		(12,168,262)	(11,470,928)	(11,813,063)
		(7,131,842)	(4,480,619)	(6,463,963)
Capital grants, subsidies and contributions		2,673,661	4,133,684	5,194,246
Profit on asset disposals	5	20,088	46,142	89,488
Loss on asset disposals	5	(13,549)	0	0
		2,680,200	4,179,826	5,283,734
Net result for the period		**(4,451,642)**	**(300,793)**	**(1,180,229)**
Total other comprehensive income for the period		**0**	**0**	**0**
Total comprehensive income for the period		**(4,451,642)**	**(300,793)**	**(1,180,229)**

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

SHIRE OF NANNUP
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		3,015,250	2,771,738	2,854,618
Grants, subsidies and contributions		955,661	2,731,877	1,424,900
Fees and charges		796,811	818,736	791,339
Interest revenue		191,043	204,992	211,433
Goods and services tax received		0	(41,655)	0
Other revenue		77,655	133,791	66,810
		5,036,420	6,619,479	5,349,100
Payments				
Employee costs		(3,556,683)	(3,130,166)	(3,353,958)
Materials and contracts		(2,221,787)	(1,556,391)	(2,111,961)
Utility charges		(120,934)	(95,633)	(109,567)
Finance costs		(16,853)	(16,988)	(16,853)
Insurance paid		(240,203)	(224,750)	(232,945)
Other expenditure		(219,910)	(233,639)	(224,704)
		(6,376,370)	(5,257,567)	(6,049,988)
Net cash provided by (used in) operating activities	4	(1,339,950)	1,361,912	(700,888)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5(a)	(411,738)	(490,815)	(390,034)
Payments for construction of infrastructure	5(b)	(3,379,438)	(4,249,239)	(5,385,939)
Proceeds from capital grants, subsidies and contributions		2,673,661	3,091,910	5,194,246
Proceeds from disposal of property, plant and equipment	5(a)	78,500	137,292	185,000
Proceeds on financial assets at amortised cost - self supporting loans		70,339	61,111	61,030
Net cash (used in) investing activities		(968,676)	(1,449,741)	(335,697)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	8(a)	(103,009)	(98,101)	(98,236)
Payments for principal portion of lease liabilities	7	(23,515)	(22,015)	(2,690)
Net cash (used in) financing activities		(126,524)	(120,116)	(100,926)
Net (decrease) in cash held		(2,435,150)	(207,945)	(1,137,511)
Cash at beginning of year		4,730,131	4,938,077	4,932,583
Cash and cash equivalents at the end of the year	4	**2,294,981**	**4,730,132**	**3,795,072**

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

SHIRE OF NANNUP
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)	2,151,426	1,994,416	2,006,302
Rates excluding general rates	2(a)	863,824	849,315	848,317
Grants, subsidies and contributions		955,661	2,989,058	1,424,900
Fees and charges	15	796,811	818,736	791,339
Interest revenue	10(a)	191,043	204,992	211,433
Other revenue		77,655	133,791	66,810
Profit on asset disposals	5	20,088	46,142	89,488
		5,056,508	7,036,450	5,438,589
Expenditure from operating activities				
Employee costs		(3,556,683)	(3,201,698)	(3,219,923)
Materials and contracts		(2,221,787)	(1,965,243)	(2,245,996)
Utility charges		(120,934)	(95,633)	(109,567)
Depreciation	6	(5,791,892)	(5,732,977)	(5,763,075)
Finance costs	10(b)	(16,853)	(16,988)	(16,853)
Insurance		(240,203)	(224,750)	(232,945)
Other expenditure		(219,910)	(233,639)	(224,704)
Loss on asset disposals	5	(13,549)	0	0
		(12,181,808)	(11,470,928)	(11,813,063)
Non cash amounts excluded from operating activities	3(c)	5,785,353	5,702,510	5,649,079
Amount attributable to operating activities		**(1,339,947)**	**1,268,032**	**(725,395)**
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from capital grants, subsidies and contributions		2,673,661	4,133,684	5,194,246
Proceeds from disposal of property, plant and equipment	5(a)	78,500	137,292	185,000
Proceeds from financial assets at amortised cost - self supporting loans		70,339	61,111	61,030
		2,822,500	4,332,087	5,440,276
Outflows from investing activities				
Right of use assets received - non cash	5(c)	0	(94,956)	0
Acquisition of property, plant and equipment	5(a)	(411,738)	(490,815)	(390,034)
Acquisition of infrastructure	5(b)	(3,379,438)	(4,249,239)	(5,385,939)
Payments for financial assets at amortised cost - term deposits		0	0	
		(3,791,176)	(4,835,009)	(5,775,973)
Non-cash amounts excluded from investing activities	3(d)	0	94,956	0
Amount attributable to investing activities		**(968,676)**	**(407,967)**	**(335,697)**
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from new leases - non cash	7	0	94,956	0
Transfers from reserve accounts	9(a)	616,458	236,060	399,867
		616,458	331,016	399,867
Outflows from financing activities				
Repayment of borrowings	8(a)	(103,009)	(98,101)	(98,236)
Payments for principal portion of lease liabilities	7	(23,515)	(22,015)	(2,690)
Transfers to reserve accounts	9(a)	(260,711)	(92,796)	(164,000)
		(387,235)	(212,912)	(264,926)
Non-cash amounts excluded from financing activities	3(e)	0	(94,956)	0
Amount attributable to financing activities		**229,223**	**23,148**	**134,941**
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus remaining at the start of the financial year	3	2,079,400	1,196,187	926,151
Amount attributable to operating activities		(1,339,947)	1,268,032	(725,395)
Amount attributable to investing activities		(968,676)	(407,967)	(335,697)
Amount attributable to financing activities		229,223	23,148	134,941
Surplus remaining after the imposition of general rates	3	**0**	**2,079,401**	**0**

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

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

1 BASIS OF PREPARATION

The annual budget of the Shire of Nannup which is a Class 4 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

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									
GRV General	Gross rental valuation	0.117380	341	5,631,266	660,998	2,584	663,582	688,318	688,318
GRV Industrial	Gross rental valuation	0.146725	9	422,485	61,989		61,989	57,583	57,583
GRV Commercial	Gross rental valuation	0.127346	21	733,396	93,395		93,395	0	0
UV General	Unimproved valuation	0.003740	1,890	184,092,400	688,506		688,506	642,202	642,202
UV Plantations	Unimproved valuation				0		0	505,169	517,055
GRV Short Term Accommodation Unhosted	Gross rental valuation	0.176070	13	208,000	36,623		36,623	39,775	39,775
GRV Short Term Accommodation Hosted	Gross rental valuation	0.146725	18	422,760	62,029		62,029	61,369	61,369
UV Plantations and Mining	Unimproved valuation	0.005102	47	106,880,000	545,302		545,302		
Total general rates			2,339	298,390,307	2,148,842	2,584	2,151,426	1,994,416	2,006,302
		Minimum $							
(ii) Minimum payment									
GRV General	Gross rental valuation	1,495.00	308	2,677,468	460,460		460,460	454,020	454,020
GRV Industrial	Gross rental valuation	2,199.00	6	68,900	13,194		13,194	4,530	4,530
GRV Commercial	Gross rental valuation	1,622.00	10	91,064	16,220		16,220	261,230	261,230
UV General	Unimproved valuation	1,555.00	168	40,623,550	261,240		261,240	25,670	25,670
UV Mining	Unimproved valuation				0		0	75,325	75,325
UV Plantations	Unimproved valuation				0		0	27,482	27,482
GRV Short Term Accommodation Unhosted	Gross rental valuation	2,199.00	13	131,560	28,587		28,587	1,761	1,761
GRV Short Term Accommodation Hosted	Gross rental valuation	1,884.00	1	8,320	1,884		1,884		
UV Plantations and Mining	Unimproved valuation	2,800.00	30	6,890,344	84,000		84,000		
Total minimum payments			536	50,491,206	865,585	0	865,585	850,018	850,018
Total general rates and minimum payments			2,875	348,881,513	3,014,427	2,584	3,017,011	2,844,434	2,856,320
					3,014,427	2,584	3,017,011	2,844,434	2,856,320
Concessions (Refer note 2(g))							(1,761)	(703)	(1,701)
Total rates					3,014,427	2,584	3,015,250	2,843,731	2,854,619
Instalment plan charges							5,141	4,848	4,344
Instalment plan interest							8,400	8,217	6,500
Late payment of rate or service charge interest							37,000	35,239	25,000
							50,541	48,303	35,844

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

*Rateable Value at time of adopting budget.

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

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

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

2. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Option 1 (Full Payment)
Single Payment

Option 2 (Four Instalments)
First instalment
Second instalment
Third instalment
Fourth instalment
* Note all arrears to be paid in First Instalment

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		$	%	%
Option one				
Single full payment	13/10/2026	0	0.0%	11.0%
Option two				
First instalment	13/10/2026	0	0.0%	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%

(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 General	Land zoned or used or held for residential/rural residential purposes	To ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.	To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.
GRV Industrial	Land zoned or used or held for Industrial purposes	To ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.	Assist with the funding contribution towards the ongoing maintenance and provision of works and services within the Shire.
GRV Commercial	Land Zoned commercial under the Shire of Nannup Town Planning Scheme No. 4, that Is not used as a Residential Home, or Medical Centre and is not a Hosted or Unhosted Short Term Rental (STRA) as these fall into alternate Differential categories.	To ensure that all ratepayers make a reasonable contribution towards the overall services and facilities provided and maintained by the Shire for the benefit of residents.	in order to maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district from which these properties benefit.
Short Term Accommodation Unhosted	Includes **"Unhosted"** lodging houses, bed and breakfasts, self-contained accommodation, caravan and camping grounds	To apply a differential rate and minimum payment to land used or held for unhosted short-term accommodation purposes.	Maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district.

2. RATES AND SERVICE CHARGES (CONTINUED)

Short Term Accommodation Hosted	Includes **"Hosted"** lodging houses, bed and breakfasts, self-contained accommodation, caravan and camping grounds	To apply a differential rate and minimum payment to land used or held for hosted short-term accommodation purposes.	Maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district.

2. RATES AND SERVICE CHARGES (CONTINUED)

UV General	land zoned or used or held typically for bona-fide farming	To ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.	To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.
UV Plantations & Mining	Land used or held typically for either plantations or Mining purposes	To ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.	Ensure that all ratepayers make a fair and reasonable contribution towards the ongoing maintenance and provision of works and services, particularly roadworks maintenance and renewal throughout the Shire.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
GRV General	Land zoned or used or held for residential/rural residential purposes	To ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.	To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.
GRV Industrial	Land zoned or used or held for Industrial purposes	To ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.	Assist with the funding contribution towards the ongoing maintenance and provision of works and services within the Shire.
GRV Commercial	Land Zoned commercial under the Shire of Nannup Town Planning Scheme No. 4, that Is not used as a Residential Home, or Medical Centre and is not a Hosted or Unhosted Short Term Rental (STRA) as these fall into alternate Differential categories.	To ensure that all ratepayers make a reasonable contribution towards the overall services and facilities provided and maintained by the Shire for the benefit of residents.	in order to maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district from which these properties benefit.
GRV Short Term Accommodation Unhosted	Includes **"Unhosted"** lodging houses, bed and breakfasts, self-contained accommodation, caravan and camping grounds.	To apply a differential rate and minimum payment to land used or held for unhosted short-term accommodation purposes.	Maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district.
GRV Short Term Accommodation Hosted	Includes **"Hosted"** lodging houses, bed and breakfasts, self-contained accommodation, caravan and camping grounds.	To apply a differential rate and minimum payment to land used or held for hosted short-term accommodation purposes.	Maintain fairness and equity with the funding of tourism development, marketing and event related projects throughout the district.
UV General	land zoned or used or held typically for bona-fide farming.	To ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.	To ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Shire.
UV Plantations & Mining	Land used or held typically for either Plantation or Mining purposes	To ensure that all ratepayers make a reasonable contribution towards the services and facilities provided and maintained by the Shire for the benefit of residents.	Ensure that all ratepayers make a fair and reasonable contribution towards the ongoing maintenance and provision of works and services, particularly roadworks maintenance and renewal throughout the Shire.

2. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Differential general rate or general rate	Proposed Rate in $	Adopted Rate in $	Reasons for the difference
GRV General	0.117380	0.117380	
GRV Industrial	0.146725	0.146725	
GRV Commercial	0.127346	0.127346	
UV General	0.003740	0.003740	
UV Mining	0.005327	N/A	Now part of new category "Plantation & Mining"
UV Plantations	0.004960	N/A	Now part of new category "Plantation & Mining"
GRV Short Term Accommodation Unhosted	0.176070	0.176070	
GRV Short Term Accommodation Hosted	0.146725	0.146725	
UV Plantations & Mining	N/A	0.005102	UV Minning & UV Plantaion Categories merged to form one

Minimum payment	Proposed Minimum $	Adopted Minimum $	Reasons for the difference
GRV General	1,495	1,495	
GRV Industrial	2,400	2,199	Based on submissions Council decreased the minimumn payment amount
GRV Commercial	1,622	1,622	
UV General	1,555	1,555	
UV Mining	2,400	N/A	Now part of new category "Plantation & Mining"
UV Plantations	3,013	N/A	Now part of new category "Plantation & Mining"
GRV Short Term Accommodation Unhosted	2,199	2,199	
GRV Short Term Accommodation Hosted	1,884	1,884	
UV Plantations & Mining	N/A	2,800	UV Minning & UV Plantaion Categories merged to form one

2. RATES AND SERVICE CHARGES (CONTINUED)

(f) Service Charges

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

(g) Waivers or concessions

Rate, fee or charge to which the waiver or concession is granted	Type	Waiver/ Concession	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
			$	$	$		
UV Plantaion Properties - Rates	Rate	Concession	1,761	703	1,701	Application required	Were proof is provided of remaining agricultural land use .a.4.0% concession to owners who demonstrate 75%+ of the arable area is not used for plantation. b.2.5% concession to owners who demonstrate between 50% - 75% of the arable area is not used for plantation. c.1.0% concession to owners to demonstrate between 25% - 50% of the arable land is not used for plantation. Note: Properties with less than 10% of there arable aera used for plantation puposes shall be classified under the UV General Rate Category.
WARR ACT Rate - UV Properties	Fee and charge	Concession	66,657	61,600	60,596	Where the Rate in the $ multipled by the Rateable valuation on the property is greater than $525 a conncession equal to the calculated amount minus $525 is automatically allowed	To ensure fairness and equity with respect Ratepayer contributions towards the Operation of Waste Site Facilities within the Shire of Nannup.
WARR ACT Rate - UV "Donnely River Huts"	Fee and charge	Concession	3,300	3,135	3,135	Applies to the 33 DPIRD leased lots located on the Donnely River. Each property attracts the minimumn charge set at $265, a conncession in the amount of $100 is allowed for each of these properties.	To ensure fairness and equity with respect Ratepayer contributions towards the Operation of Waste Site Facilities within the Shire of Nannup.
WARR ACT Rate - GRV Properties	Fee and charge	Concession	5,496	4,994	4,994	Where the Rate in the $ multipled by the Rateable valuation on the property is greater than $1,575 a conncession equal to the calculated amount minus $1,575 is automatically allowed	To ensure fairness and equity with respect Ratepayer contributions towards the Operation of Waste Site Facilities within the Shire of Nannup.
			77,214	70,432	70,426		

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	2,294,981	4,730,131	3,795,072
Financial assets		(80)	70,259	0
Receivables		838,255	838,255	472,598
Inventories		193,326	193,326	190,216
Other assets		0	0	163,855
Non-current assets held for sale		0	0	30,812
		3,326,482	5,831,971	4,652,554
Less: current liabilities				
Trade and other payables		(835,195)	(830,892)	(613,378)
Contract liabilities		0	0	(0)
Capital grant/contributions liabilities		(201,190)	(201,190)	(1,487,421)
Lease liabilities	7	0	(23,515)	0
Long term borrowings	8	1,899	(101,110)	0
Employee provisions		(392,738)	(392,738)	(355,179)
		(1,427,224)	(1,549,445)	(2,455,978)
Net current assets		1,899,258	4,282,526	2,196,576
Less: Total adjustments to net current assets	3(b)	(1,899,258)	(2,203,126)	(2,196,576)
Net current assets used in the Statement of Financial Activity		0	2,079,400	0

(b) Current assets and liabilities excluded from budgeted deficiency

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

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Adjustments to net current assets				
Less: Reserve accounts	9	(2,110,957)	(2,466,704)	(2,374,102)
Less: Current assets not expected to be received at end of year				
- Financial assets at amortised cost - self supporting loans			(70,259)	
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		(1,899)	101,110	0
- Current portion of lease liabilities		0	23,515	0
Add: Current liabilities covered by funds held in reserve account				
- Current portion of employee benefit provisions		213,598	209,212	177,526
Total adjustments to net current assets		(1,899,258)	(2,203,126)	(2,196,576)

EXPLANATION OF DIFFERENCE IN SURPLUS/(DEFICIT)

Items excluded from calculation of budgeted deficiency

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

(c) Amounts excluded from operating activities

	Note	2026/27 Budget 30 June 2027 Carried forward	2025/26 Actual 30 June 2026 Carried forward	2025/26 Budget 30 June 2026 Carried forward
		$	$	$
Less: Profit on asset disposals	5	(20,088)	(46,142)	(89,488)
Add: Loss on asset disposals	5	13,549	0	0
Add: Depreciation	6	5,791,892	5,732,977	5,763,075
Movement in current liabilities associated funds held in reserve account:				
- Current portion of employee benefit provisions		0	7,182	(24,508)
Non-cash movements in non-current assets and liabilities:				
- Pensioner deferred rates		0	1,252	
- Employee benefit provisions		0	7,241	
Non cash amounts excluded from operating activities		5,785,353	5,702,510	5,649,079

3. NET CURRENT ASSETS

	Note			
(d) Amounts excluded from investing activities				
Right of use assets recognised	5(c)	0	94,956	0
Non cash amounts excluded from investing activities		0	94,956	0
(e) Amounts excluded from financing activities				
Less: Lease liability recognised	7	0	(94,956)	0
Non cash amounts excluded from financing activities		0	(94,956)	0

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 NANNUP
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		2,294,981	4,730,131	3,795,072
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		2,312,147	2,667,894	3,861,523
		2,312,147	2,667,894	3,861,523
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Reserve accounts	9	2,110,957	2,466,704	2,374,102
Contract liabilities		0	0	
Capital grant/contributions liabilities		201,190	201,190	1,487,421
Total restricted financial assets		2,312,147	2,667,894	3,861,523

(b) Reconciliation of net cash provided by operating activities

	Note	2026/27 Budget	2025/26 Actual	2025/26 Budget
Net result		(4,451,642)	(300,793)	(1,180,229)
Non-cash items:				
Depreciation	6	5,791,892	5,732,977	5,763,075
(Profit) on sale of assets	5	(6,539)	(46,142)	(89,488)
Changes in assets and liabilities:				
(Increase) in receivables		0	(370,830)	
(Increase) in inventories		0	(29,471)	
Decrease in other assets		0	247,541	
Increase in trade and other payables		0	217,514	
(Decrease) in capital grant/contributions liabilities		0	(1,041,774)	
Increase in employee related provisions		0	44,800	
Capital grants, subsidies and contributions		(2,673,661)	(3,091,910)	(5,194,246)
Net cash provided by/(used in) operating activities		(1,339,950)	1,361,912	(700,888)

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.

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	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Disposals - Loss	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Disposals - Profit
(a) Property, Plant and Equipment	$	$	$	$	$	$	$	$	$	$	$	$	$
Buildings - non-specialised	50,000				0	38,902				222,642	0	0	0
Buildings - specialised	151,638				0	121,976				0	0	0	0
Furniture and equipment	16,700				0	16,224				16,700	0	0	0
Plant and equipment	193,400	(71,961)	78,500	20,088	(13,549)	313,712	(91,151)	137,292	46,142	150,692	(95,512)	185,000	89,488
Total	411,738	(71,961)	78,500	20,088	(13,549)	490,815	(91,151)	137,292	46,142	390,034	(95,512)	185,000	89,488
(b) Infrastructure													
Infrastructure - roads	990,969				0	1,065,754				1,070,000			
Infrastructure - footpaths	301,469				0	2,250,349				2,762,406			
Infrastructure - drainage	74,000				0					0			
Infrastructure - bridges	1,502,000				0	206,470				1,388,500			
Infrastructure - parks and ovals	68,000				0	19,522				53,000			
Infrastructure - Other	443,000				0	707,145				112,033			
Total	3,379,438	0	0	0	0	4,249,239	0	0	0	5,385,939	0	0	0
(c) Right of Use Assets													
Right of use - plant and equipment					0	94,956							
	0	0	0	0	0	94,956	0	0	0	0	0	0	0
Total	3,791,176	(71,961)	78,500	20,088	(13,549)	4,835,009	(91,151)	137,292	46,142	5,775,973	(95,512)	185,000	89,488

MATERIAL ACCOUNTING POLICIES

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

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

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

6. DEPRECIATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
By Class			
Buildings - non-specialised	61,000	59,284	56,599
Buildings - specialised	360,000	357,178	353,246
Furniture and equipment	2,157	1,157	7,077
Plant and equipment	379,100	363,515	470,647
Infrastructure - roads	3,978,000	3,969,310	3,976,953
Infrastructure - footpaths			36,566
Infrastructure - drainage	177,000	176,111	175,993
Infrastructure - bridges	611,000	606,484	615,893
Infrastructure - parks and ovals	45,000	37,053	59,490
Infrastructure - Other	160,635	150,295	0
Right of use - plant and equipment	18,000	12,590	10,611
	5,791,892	5,732,977	5,763,075
By Program			
Law, order, public safety	154,484	153,173	153,715
Education and welfare	26,460	27,980	26,328
Housing	34,212	36,685	34,042
Community amenities	35,577	35,941	35,400
Recreation and culture	296,478	298,735	295,003
Transport	4,839,391	4,799,625	4,815,314
Economic services	44,647	44,369	44,425
Other property and services	360,643	336,470	358,848
	5,791,892	5,732,977	5,763,075

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 - non-specialised	
Buildings - specialised	
Furniture and equipment	
Plant and equipment	
Infrastructure - roads	
Infrastructure - footpaths	
Infrastructure - drainage	
Infrastructure - bridges	
Infrastructure - parks and ovals	
Infrastructure - Other	
Right of use - plant and equipment	Based on the remaining lease

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

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

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

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal 1 July 2026	2026/27 Budget New Leases	2026/27 Budget Lease Principal Repayments	Budget Lease Principal outstanding 30 June 2027	2026/27 Budget Lease Interest Repayments	Actual Principal 1 July 2025	2025/26 Actual New Leases	2025/26 Actual Lease Principal repayments	Actual Lease Principal outstanding 30 June 2026	2025/26 Actual Lease Interest repayments	Budget Principal 1 July 2025	2025/26 Budget New Leases	2025/26 Budget Lease Principal repayments	Budget Lease Principal outstanding 30 June 2026	2025/26 Budget Lease Interest repayments
					$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
CESM Vehicle	979823	SG Fleet	0.0%		0			0		2,690	1,689	(4,379)	0		2,690	0	(2,690)	0	
CESM Vehicle		Summit Auto Lease Australia Pty Ltd			75,630	0	(23,515)	52,115		0	93,267	(17,636)	75,630					0	
					75,630	0	(23,515)	52,115	0	2,690	94,956	(22,015)	75,630	0	2,690	0	(2,690)	0	0

MATERIAL ACCOUNTING POLICIES

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

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

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

8. BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget Principal 1 July 2026	2026/27 Budget New Loans	2026/27 Budget Principal Repayments	Budget Principal outstanding 30 June 2027	2026/27 Budget Interest Repayments	Actual Principal 1 July 2025	2025/26 Actual New Loans	2025/26 Actual Principal Repayments	Actual Principal outstanding 30 June 2026	2025/26 Actual Interest Repayments	Budget Principal 1 July 2025	2025/26 Budget New Loans	2025/26 Budget Principal Repayments	Budget Principal outstanding 30 June 2026	2025/26 Budget Interest Repayments
				$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Waste Facility Machine	40	WATC	1.2%	153,276	0	(32,670)	120,606	(2,250)	190,714	0	(37,438)	153,276	(2,018)	190,715	0	(37,206)	153,509	(2,250)
				153,276	0	(32,670)	120,606	(2,250)	190,714	0	(37,438)	153,276	(2,018)	190,715	0	(37,206)	153,509	(2,250)
Self Supporting Loans																		
Nannup Music Club	39	WATC	3.0%	72,018	0	(32,670)	39,347	(2,632)	103,369	0	(31,351)	72,018	(2,999)	103,819	0	(31,719)	72,100	(2,632)
Nannup Music Club	41	WATC	4.5%	245,812	0	(37,669)	208,143	(11,971)	275,123	0	(29,311)	245,812	(11,971)	275,123	0	(29,311)	245,812	(11,971)
				317,829	0	(70,339)	247,490	(14,603)	378,492	0	(60,663)	317,829	(14,970)	378,942	0	(61,030)	317,912	(14,603)
				471,105	0	(103,009)	368,096	(16,853)	569,206	0	(98,101)	471,105	(16,988)	569,657	0	(98,236)	471,421	(16,853)

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

8. BORROWINGS (CONTINUED)

(b) New borrowings - 2026/27

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2027

(c) Unspent borrowings

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

(d) Credit Facilities

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	20,000	20,000	20,000
Credit card balance at balance date			
Total amount of credit unused	20,000	20,000	20,000
Loan facilities			
Loan facilities in use at balance date	368,096	471,105	471,421

MATERIAL ACCOUNTING POLICIES

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

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

9. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2026/27 Budget				2025/26 Actual				2025/26 Budget			
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by council												
(a) Leave reserve	209,212	4,386	0	213,598	202,030	7,182		209,212	202,030	5,496	(30,000)	177,526
(b) Plant Replacement Reserve	373,211	216,824	(125,500)	464,535	442,763	15,738	(85,290)	373,211	442,763	105,045	(62,000)	485,808
(c) Office Equipment Reserve	109,522	2,296		111,818	120,551	4,287	(15,316)	109,522	120,551	3,279	(15,700)	108,130
(d) Asset Management Reserve	226,550	4,749	(120,000)	111,299	267,055	9,493	(49,998)	226,550	267,055	7,265	(118,487)	155,833
(e) Landfill Reserve	188,089	3,943	(99,400)	92,632	195,564	6,950	(14,425)	188,089	195,564	5,320	(15,000)	185,884
(f) Emergency Management Reserve	71,504	1,499	(6,500)	66,503	69,045	2,459	0	71,504	69,045	1,878	(6,500)	64,423
(g) Aged Housing Reserve	449,160	9,416	0	458,576	433,737	15,423	0	449,160	433,738	11,799		445,537
(h) Gravel Pit Reserve	164,109	3,440	(33,991)	133,558	177,790	6,319	(20,000)	164,109	177,789	4,836		182,625
(i) Infrastructure Reserve	395,206	8,285	(152,330)	251,161	414,921	14,755	(34,470)	395,206	414,921	11,287	(88,000)	338,208
(j) Strategic Initiatives Reserves	175,559	3,680	(60,000)	119,239	185,522	6,598	(16,561)	175,559	185,522	5,047	(64,179)	126,390
(k) Youth Reserve	18,352	385	(18,737)	0	17,721	631	0	18,352	17,721	482		18,203
(l) Trails Reserve	86,230	1,808	0	88,038	83,270	2,960		86,230	83,270	2,265		85,535
	2,466,704	260,711	(616,458)	2,110,957	2,609,968	92,796	(236,060)	2,466,704	2,609,969	164,000	(399,867)	2,374,102

(b) Reserve Accounts - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Restricted by legislation		
Restricted by council		
(a) Leave reserve	Ongoing	To fund leave accumulated by employees
(b) Plant Replacement Reserve	Ongoing	To fund major repairs, replacement or new acquisition of plant and associated equipment.
(c) Office Equipment Reserve	Ongoing	To be used to ensure the equipment required for Council Administration and the supporting computer system is maintained.
(d) Asset Management Reserve	Ongoing	To fund the major maintenance, improvement or development of Buildings.
(e) Landfill Reserve	Ongoing	To provide funding for major maintenance, renewal, upgrade of and rehabilitation of the refuse disposal site once it reaches the end of useful life.
(f) Emergency Management Reserve	Ongoing	To provide funding for costs associated with local emergencies, where the costs cannot be recovered from another party.
(g) Aged Housing Reserve	Ongoing	To be used to facilitate the development of Aged Housing within the Shire of Nannup.
(h) Gravel Pit Reserve	Ongoing	To be used for the rehabilitation of gravel pits at the end of their useful lives.
(i) Infrastructure Reserve	Ongoing	To fund the major maintenance, renewal, upgrade or development of infrastructure.
(j) Strategic Initiatives Reserves	Ongoing	To fund Strategic Projects identified by Council.
(k) Youth Reserve	30/06/2027	To be used for future Youth Asset Purchases.
(l) Trails Reserve	Ongoing	To be used for major maintenance, renewal, upgrade or improvement of Trails.

10. OTHER INFORMATION

The net result includes as revenues	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
(a) Interest earnings			
Investments	129,440	147,015	163,730
Self Supporting Loan Interest	16,203	14,522	16,203
Other interest revenue	45,400	43,455	31,500
	191,043	204,992	211,433

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at #%.

The net result includes as expenses

	2026/27 Budget	2025/26 Actual	2025/26 Budget
(b) Interest expenses (finance costs)			
Borrowings (refer Note 8(a))	16,853	16,988	16,853
	16,853	16,988	16,853

11. COUNCIL MEMBERS REMUNERATION

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
President A Dean			
President's allowance	16,000	16,000	16,000
Meeting attendance fees	14,000	14,000	14,000
Annual allowance for ICT expenses	1,500	1,500	1,500
Travel and accommodation expenses	1,409	0	1,409
	32,909	31,500	32,909
Deputy President V Hansen			
Deputy President's allowance	4,000	4,000	4,000
Meeting attendance fees	7,000	7,000	7,000
Annual allowance for ICT expenses	1,500	1,500	1,500
Travel and accommodation expenses	1,409	0	1,409
	13,909	12,500	13,909
Councillor C Brown			
Meeting attendance fees	7,000	7,000	7,000
Annual allowance for ICT expenses	1,500	1,500	1,500
Travel and accommodation expenses	1,409		1,409
	9,909	8,500	9,909
+ **Councillor I Gibb**			
Meeting attendance fees		2,092	7,000
Annual allowance for ICT expenses		448	1,500
Travel and accommodation expenses		0	1,409
	0	2,540	9,909
Councillor P Fraser			
Meeting attendance fees	7,000	0	7,000
Annual allowance for ICT expenses	1,500	0	1,500
Travel and accommodation expenses	1,409	0	1,409
	9,909	0	9,909
Councillor T Sly			
Meeting attendance fees	7,000	7,000	7,000
Annual allowance for ICT expenses	1,500	1,500	1,500
Travel and accommodation expenses	1,409	0	1,409
	9,909	8,500	9,909
Councillor L Curtis			
Meeting attendance fees	7,000	7,000	7,000
Annual allowance for ICT expenses	1,500	1,500	1,500
Travel and accommodation expenses	1,409	0	1,409
	9,909	8,500	9,909
++ **Councillor N Tang**			
Meeting attendance fees	7,000	4,869	
Annual allowance for ICT expenses	1,500	1,043	
Travel and accommodation expenses	1,409		
	9,909	5,912	0
Total Council Member Remuneration	96,363	77,952	96,363
President's allowance	16,000	16,000	16,000
Deputy President's allowance	4,000	4,000	4,000
Meeting attendance fees	56,000	48,960	56,000
Annual allowance for ICT expenses	10,500	8,992	10,500
Travel and accommodation expenses	9,863	0	9,863
	96,363	77,952	96,363

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 30 June 2026	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2027
	$	$	$	$
Building Services Levy (BSL)	563	9,000	(9,527)	36
Construction Training Fund (CTF)	0	1,034	(1,034)	0
Department of Transport	(120)	350,000	(349,880)	(0)
Key, Facility & Equipment Bonds	10,162	2,500	(3,800)	8,862
Retention Bonds	42,692	6,000	12,000	60,692
Other Bonds	44,018	0	0	44,018
Percentage Unclaimed Moneies	180	0	0	180
	97,495	368,534	(352,241)	113,788

13. REVENUE AND EXPENDITURE

(a) Revenue and Expenditure Classification

REVENUES

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

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

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

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

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

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

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

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

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

EXPENSES

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

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

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

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

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

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

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

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

13. REVENUE AND EXPENDITURE (CONTINUED)

(b) Revenue Recognition

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/ Warranties	Timing of Revenue recognition
Grant contracts with customers	Community events, 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	Aviation fuel, 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

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 operation of facilities and services to members of the council. Other costs that relate to assisting elected members and ratepayers on matters which do not concern specific council services. Development of policies, strategic planning and long term financial plans.
General purpose funding To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
Law, order, public safety To provide services to help ensure a safer community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
Health To provide an operational framework for good community health.	Food quality, pest control, and support for the operation of child health clinics.
Education and welfare To support disadvantaged persons, the elderly, children and youth.	Support with the provision of day care and pre-school facilities; assistance to playgroups, retirement villages, services for senior citizens and youth, and other voluntary services.
Housing Help ensure adequate housing.	Maintenance of staff and rental housing.
Community amenities Provide services required by the community.	Rubbish collection services, operation of refuse sites, environmental protection, administration of the town planning scheme, development of land, maintenance of cemeteries, maintenance and operation of public conveniences and storm water drainage maintenance.
Recreation and culture To establish and manage efficiently infrastructure and resources which will help the social well being of the community.	Maintenance of halls, the leisure centre and various reserves; operation of library, heritage facilities and cultural activities.
Transport To provide effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges cleaning and lighting of streets, depot, 'maintenance and parking control.
Economic services To help promote the Shire and improve its economic wellbeing.	The regulation and provision of tourism, area promotion, economic development, building control, (agricultural) noxious weeds management and water standpipes.
Other property and services Identification of expenses not included in programs above and for the pooling of costs that have been reallocated to the programs above.	Private works, plant repairs and operation costs, business units activities and directorate costs.

15. FEES AND CHARGES

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
By Program:			
Governance	499	475	150
General purpose funding	5,141	4,848	4,344
Law, order, public safety	6,138	7,640	5,250
Health	58,510	11,208	21,000
Education and welfare	534	0	509
Housing	30,892	13,668	31,400
Community amenities	585,905	577,814	558,785
Recreation and culture	49,058	40,064	48,888
Economic services	45,959	162,840	107,513
Other property and services	14,175	181	13,500
	796,811	818,737	791,339

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