

# CITY OF KARRATHA

## BUDGET REVIEW REPORT

### FOR THE PERIOD ENDED 31 DECEMBER 2025

*LOCAL GOVERNMENT ACT 1995*

*LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*

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**CITY OF KARRATHA**  
**STATEMENT OF BUDGET REVIEW**  
**FOR THE PERIOD ENDED 31 DECEMBER 2025**

Note	Budget v Actual		
	Adopted Budget	Updated Budget Estimates (a)	Year to Date Actual
	\$	\$	\$
<b>OPERATING ACTIVITIES</b>			
<b>Revenue from operating activities</b>			
General rates	66,400,276	66,393,564	66,224,298
Rates excluding general rates	71,770	73,770	0
Grants, subsidies and contributions	54,037,576	62,352,259	39,379,372
Fees and charges	74,463,653	76,993,473	39,196,271
Interest revenue	8,521,727	7,141,930	3,636,385
Other revenue	580,888	610,007	906,089
	204,075,890	213,565,003	149,342,415
<b>Expenditure from operating activities</b>			
Employee costs	(57,318,520)	(64,785,632)	(31,088,877)
Materials and contracts	(75,486,005)	(63,505,684)	(21,776,246)
Utility charges	(6,153,082)	(6,108,649)	(2,859,577)
Depreciation	(30,472,653)	(31,166,429)	(15,626,526)
Finance costs	(1,191,444)	(577,313)	(14,984)
Insurance	(3,672,547)	(4,247,584)	(4,287,181)
Other expenditure	(2,759,425)	(2,897,134)	(1,019,348)
Loss on asset disposals	(582,564)	(136,725)	(142,823)
	(177,636,240)	(173,425,150)	(76,815,562)
Non-cash amounts excluded from operating activities	31,055,217	22,767,035	15,769,349
<b>Amount attributable to operating activities</b>	57,494,867	62,906,888	88,296,202
<b>INVESTING ACTIVITIES</b>			
<b>Inflows from investing activities</b>			
Capital grants, subsidies and contributions	440,700	1,295,021	859,053
Proceeds from disposal of assets	582,564	822,431	118,468
	1,023,264	2,117,452	977,521
<b>Outflows from investing activities</b>			
Purchase of land and buildings	(39,426,174)	(35,075,847)	(11,784,361)
Purchase and construction of infrastructure	(54,755,418)	(43,649,958)	(15,308,028)
	(94,181,592)	(78,725,805)	(27,092,389)
Non-cash amounts excluded from investing activities	(582,564)	(822,431)	(118,468)
<b>Amount attributable to investing activities</b>	(93,740,892)	(77,430,784)	(26,233,336)
<b>FINANCING ACTIVITIES</b>			
<b>Cash inflows from financing activities</b>			
Proceeds from new borrowings	0	56,000,000	3,690,118
Transfers from reserve accounts	78,802,499	90,845,596	12,632,528
	78,802,499	146,845,596	16,322,646
<b>Cash outflows from financing activities</b>			
Payment of borrowings	0	(54,865,421)	(7,356,927)
Transfers to reserve accounts	(52,763,435)	(88,832,491)	(14,610,919)
	(52,763,435)	(143,697,912)	(21,967,846)
Non-cash amounts excluded from financing activities	0	0	0
<b>Amount attributable to financing activities</b>	26,039,064	3,147,684	(5,645,200)
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>			
<b>Surplus or deficit at the start of the financial year</b>	11,385,875	11,385,875	9,109,164
Amount attributable to operating activities	57,494,867	62,906,888	88,296,202
Amount attributable to investing activities	(93,740,892)	(77,430,784)	(26,233,336)
Amount attributable to financing activities	26,039,064	3,147,684	(5,645,200)
<b>Surplus or deficit after imposition of general rates</b>	<b>1,178,914</b>	<b>9,663</b>	<b>65,526,830</b>

## 1. BASIS OF PREPARATION

This budget review 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 budget review 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 City of Karratha to measure any vested improvements at zero cost.

*Local Government (Financial Management) Regulations 1996*, regulation 33A prescribes contents of the budget review.

Accounting policies which have been adopted in the preparation of this budget review have been consistently applied unless stated otherwise. Except for the statement of financial activity, the budget review 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.

### **Year to Date Actual balances**

Balances shown in this budget as Year to Date Actual are based on records at the time of preparation of the budget review and are subject to final adjustments.

### **Rounding off figures**

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

### **THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

### **Critical accounting estimates and judgements**

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

The estimates and associated assumptions are based on historical experience and various other factors 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.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the budget review.

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 current financial year:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

### **MATERIAL ACCOUNTING POLICIES**

Material accounting policies utilised in the preparation of these statements are as described within the 2025-26 Annual Budget. Please refer to the adopted budget document for details of these policies.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**2 RESERVE ACCOUNTS**

**Reserve Account Movements - Budget Review**

	<b>2025/26</b>		<b>Budget</b>	
	<b>Opening Balance</b>	<b>Transfer to</b>	<b>Transfer (from)</b>	<b>Closing Balance</b>
	\$	\$	\$	\$
<b>Restricted by legislation</b>				
(a) Employee Entitlement Reserve	6,318,738	613,516	0	6,932,254
(b) Public Open Space Reserve	148,929	6,103	0	155,032
	6,467,667	619,619	0	7,087,286
<b>Restricted by council</b>				
(c) Aerodrome Reserve	30,410,699	5,032,216	(9,871,929)	25,570,986
(d) Economic Development Reserve	1,438,250	52,428	(300,500)	1,190,178
(e) Infrastructure Reserve	55,998,327	18,392,478	(53,741,165)	20,649,640
(f) Medical Services Assistance Package Reserve	30,099	1,432	0	31,531
(g) Rio Tinto Partnership Reserve	16,651,891	17,992,404	(14,800,000)	19,844,295
(h) Waste Management Reserve	22,876,653	21,204,224	(3,032,002)	41,048,875
(i) Woodside Partnership Reserve	134,002	1,104,769	(1,100,000)	138,771
(j) Strategic Reserve	0	24,432,921	(8,000,000)	16,432,921
	127,539,921	88,212,872	(90,845,596)	124,907,197
	134,007,588	88,832,491	(90,845,596)	131,994,483