

CITY OF KARRATHA
ANNUAL BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

LOCAL GOVERNMENT ACT 1995

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CITY'S VISION

To be Australia's most liveable regional City.

CITY OF KARRATHA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2025/26 Budget	2024/25 Forecast	2024/25 Budget
Revenue		\$	\$	\$
Rates	2(a)	66,472,046	58,944,740	57,404,202
Grants, subsidies and contributions		48,716,576	22,542,822	15,695,406
Fees and charges	16	74,463,654	72,454,164	60,868,483
Interest revenue	10(a)	7,595,277	7,322,882	5,256,295
Other revenue		580,888	834,022	746,785
		197,828,441	162,098,630	139,971,171
Expenses				
Employee costs		(57,318,520)	(50,635,423)	(47,120,893)
Materials and contracts		(69,508,504)	(36,431,198)	(36,196,653)
Utility charges		(6,153,082)	(6,568,112)	(6,704,314)
Depreciation	6	(30,742,653)	(29,635,598)	(31,636,862)
Finance costs	10(c)	(273,196)	(271,894)	(271,895)
Insurance		(3,672,547)	(3,359,325)	(3,703,242)
Other expenditure		(2,245,463)	(3,823,800)	(4,494,275)
		(169,913,965)	(130,725,350)	(130,128,134)
Net Result for the period		27,914,476	31,373,280	9,843,037
Capital grants, subsidies and contributions		440,700	2,350,929	4,461,541
		440,700	2,350,929	4,461,541
Net result for the period		28,355,176	33,724,209	14,304,578
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		28,355,176	33,724,209	14,304,578

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

CITY OF KARRATHA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

		2025/26	2024/25	2024/25
	Note	Budget	Forecast	Budget
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts		\$	\$	\$
Rates		66,472,046	58,944,740	57,404,202
Grants, subsidies and contributions		55,716,576	15,125,400	15,695,352
Fees and charges		74,463,654	72,454,164	60,868,483
Interest revenue		7,595,277	7,322,882	5,256,295
Other revenue		580,888	834,022	746,785
		204,828,441	154,681,208	139,971,117
Payments				
Employee costs		(57,318,520)	(50,635,423)	(47,120,893)
Materials and contracts		(69,508,504)	(36,431,198)	(36,196,653)
Utility charges		(6,153,082)	(6,568,112)	(6,704,314)
Finance costs		(16,582)	(17,204)	(17,199)
Insurance paid		(3,672,547)	(3,359,325)	(3,703,242)
Other expenditure		(2,245,463)	(3,823,800)	(4,494,275)
		(138,914,698)	(100,835,062)	(98,236,576)
Net cash provided by operating activities	4	65,913,743	53,846,146	41,734,541
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5(a)	(20,824,864)	(11,477,741)	(17,508,163)
Payments for construction of infrastructure	5(b)	(50,098,500)	(28,375,133)	(34,621,064)
Capital grants, subsidies and contributions		500,700	2,350,930	4,521,541
Proceeds from sale of property, plant and equipment	5(a)	582,564	511,117	1,845,421
Proceeds on financial assets at amortised cost - self supporting loans	7(a)	0	21,281	21,285
Net cash (used in) investing activities		(69,840,099)	(36,969,545)	(45,740,980)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	0	(21,281)	(21,285)
Payments for principal portion of lease liabilities	8	0	0	(133,322)
Net cash (used in) financing activities		0	(21,281)	(154,607)
Net increase (decrease) in cash held		(3,926,356)	16,855,320	(4,161,046)
Cash at beginning of year		31,848,646	14,993,326	19,754,113
Cash and cash equivalents at the end of the year	4	27,922,290	31,848,646	15,593,067

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

CITY OF KARRATHA
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2026

OPERATING ACTIVITIES

Revenue from operating activities

	Note	2025/26 Budget	2024/25 Forecast	2024/25 Budget
		\$	\$	\$
General rates	2(a)(i)	63,478,177	55,791,593	54,333,457
Rates excluding general rates	2(a)	2,993,869	3,153,147	3,070,745
Grants, subsidies and contributions		48,716,576	22,542,822	15,695,406
Fees and charges	16	74,463,654	72,454,164	60,868,483
Interest revenue	10(a)	7,595,277	7,322,882	5,256,295
Other revenue		580,888	834,022	746,785
		197,828,441	162,098,630	139,971,171

Expenditure from operating activities

Employee costs		(57,318,520)	(50,635,423)	(47,120,893)
Materials and contracts		(69,508,504)	(36,431,198)	(36,196,653)
Utility charges		(6,153,082)	(6,568,112)	(6,704,314)
Depreciation	6	(30,742,653)	(29,635,598)	(31,636,862)
Finance costs	10(c)	(273,196)	(271,894)	(271,895)
Insurance		(3,672,547)	(3,359,325)	(3,703,242)
Other expenditure		(2,245,463)	(3,823,800)	(4,494,275)
		(169,913,965)	(130,725,350)	(130,128,134)

Non cash amounts excluded from operating activities

	3(c)	30,160,089	29,124,480	31,636,862
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Amount attributable to operating activities

INVESTING ACTIVITIES

Inflows from investing activities

Capital grants, subsidies and contributions		440,700	2,350,929	4,461,541
Proceeds from disposal of property, plant and equipment	5(a)	582,564	511,117	1,845,421
Proceeds from financial assets at amortised cost - self supporting loans	7(a)	0	21,281	21,285
		1,023,264	2,883,327	6,328,247

Outflows from investing activities

Payments for property, plant and equipment	5(a)	(20,824,864)	(11,477,741)	(17,508,163)
Payments for construction of infrastructure	5(b)	(50,098,500)	(28,375,133)	(34,621,064)
		(70,923,364)	(39,852,873)	(52,129,227)

Non-cash amounts excluded from investing activities

	3(d)	(582,564)	(511,117)	(1,845,421)
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Amount attributable to investing activities

FINANCING ACTIVITIES

Inflows from financing activities

Transfers from reserve accounts	9(a)	52,937,840	30,578,162	24,777,999
		52,937,840	30,578,162	24,777,999

Outflows from financing activities

Repayment of borrowings	7(a)	0	0	(21,285)
Payments for principal portion of lease liabilities	8	0	0	(133,322)
Transfers to reserve accounts	9(a)	(51,908,756)	(42,218,874)	(18,588,938)
		(51,908,756)	(42,218,874)	(18,743,545)

Non-cash amounts excluded from financing activities

	3(e)	0	0	133,326
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Amount attributable to financing activities

MOVEMENT IN SURPLUS OR DEFICIT

Surplus at the start of the financial year

	3	11,385,875	9,490	9,490
Amount attributable to operating activities		58,074,565	60,497,760	41,479,899
Amount attributable to investing activities		(70,482,664)	(37,480,663)	(47,646,401)
Amount attributable to financing activities		1,029,084	(11,640,712)	6,167,780

Surplus/(deficit) remaining after the imposition of general rates

	3	6,860	11,385,875	10,768
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This statement is to be read in conjunction with the accompanying notes.

CITY OF KARRATHA
FOR THE YEAR ENDED 30 JUNE 2026
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1 BASIS OF PREPARATION

The annual budget of the City of Karratha which is a Class 1 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 City 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 City 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 13 to the annual budget.

2024/25 forecast balances

Balances shown in this budget as 2024/25 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 2020-1 Amendments to Australian Accounting Standards*
 - *Classification of Liabilities as Current or Non-current*
- *AASB 2022-5 Amendments to Australian Accounting Standards*
 - *Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards*
 - *Non-current Liabilities with Covenants*
- *AASB 2023-1 Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements*
- *AASB 2023-3 Amendments to Australian Accounting Standards*
 - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- *AASB 2024-1 Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements: Tier 2 Disclosures*

It is not expected these standards will have an impact on the annual budget.

- *AASB 2022-10 Amendments to Australian Accounting Standards*
 - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*, became mandatory during the budget year. Amendments to *AASB 13 Fair Value Measurement* impacts the future determination of fair value when revaluing assets using the cost approach. Timing of future revaluations is defined by regulation 17A of *Local Government (Financial Management) Regulations 1996*. Impacts of this pronouncement are yet to be quantified and are dependent on the timing of future revaluations of asset classes. No material impact is expected in relation to the 2025-26 statutory budget.

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]
- *AASB 2022-9 Amendments to Australian Accounting Standards*
 - *Insurance Contracts in the Public Sector*
- *AASB 2023-5 Amendments to Australian Accounting Standards*
 - *Lack of Exchangeability*
- *AASB 18 (FP) Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for for-profit entities]
- *AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for not-for-profit and superannuation entities]
- *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*

It is not expected these standards will have an impact on the 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 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 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.

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

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
- Assets held for sale
- Impairment losses of non-financial assets
- Investment property
- Estimated useful life of intangible assets
- Measurement of employee benefits
- Measurement of provisions

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in dollar	Number of properties	Rateable value*	2025/26 Budgeted rate revenue	2025/26 Budgeted interim rates	2025/26 Budgeted total revenue	2024/25 Forecast total revenue	2024/25 Budget total revenue
				\$	\$	\$	\$	\$	\$
(i) General rates									
Residential	Gross rental valuation	0.055795	7,150	343,682,461	19,175,763	112,455	19,288,218	19,634,093	19,120,938
Commercial / Industrial	Gross rental valuation	0.091110	782	97,794,112	8,910,022	89,100	8,999,122	9,350,982	9,106,592
Airport / Strategic Industry	Gross rental valuation	0.111589	31	12,533,329	1,398,582	0	1,398,582	2,070,281	2,016,175
Transient Workforce Accomodation	Gross rental valuation	0.223179	26	40,272,349	8,987,943	0	8,987,943	11,846,734	11,537,117
Pastoral	Unimproved valuation	0.130035	10	1,887,989	245,505	0	245,505	241,134	234,833
Mining / Other	Unimproved valuation	0.145248	249	11,043,454	1,604,040	0	1,604,040	1,530,718	1,490,713
Strategic Industry	Unimproved valuation	0.219248	32	104,388,279	22,886,921	67,846	22,954,767	11,117,651	10,827,089
Total general rates			8,280	611,601,973	63,208,776	269,401	63,478,177	55,791,593	54,333,457
(ii) Minimum payment									
		Minimum							
		\$							
Residential	Gross rental valuation	1,750.00	1,395	0	2,441,250	0	2,441,250	2,604,061	2,536,004
Commercial / Industrial	Gross rental valuation	1,750.00	383	0	670,250	0	670,250	690,033	672,000
Airport / Strategic Industry	Gross rental valuation	1,750.00	3	0	5,250	0	5,250	7,187	7,000
Transient Workforce Accomodation	Gross rental valuation	1,750.00	0	0	0	0	0	0	0
Pastoral	Unimproved valuation	367.00	0	0	0	0	0	0	0
Mining / Other	Unimproved valuation	367.00	160	0	58,720	0	58,720	62,933	61,289
Strategic Industry	Unimproved valuation	367.00	11	0	4,037	0	4,037	4,144	4,037
Total minimum payments			1,952	0	3,179,507	0	3,179,507	3,368,358	3,280,330
Total general rates and minimum payments			10,232	611,601,973	66,388,283	269,401	66,657,684	59,159,951	57,613,787
(iii) Ex-gratia rates									
DBNGP					71,770	0	71,770	57,389	55,890
Total ex-gratia rates			0	0	71,770	0	71,770	58,876	57,339
					66,460,053	269,401	66,729,454	59,218,827	57,671,126
Concessions (Refer note 2(d))							(257,408)	(274,087)	(266,924)
Total rates					66,460,053	269,401	66,472,046	58,944,740	57,404,202
Instalment plan charges							121,636	130,655	168,378
Instalment plan interest							122,230	131,292	169,200
Late payment of rate or service charge interest							137,834	148,053	190,800
							381,700	410,000	528,378

The City did not raise specified area rates for the year ended 30th June 2026.

*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 2025/26 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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

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 full payment

Option 2 (Two Instalments)

First instalment

Second instalment

Option 3 (Four Instalments)

First instalment

Second instalment

Third instalment

Fourth instalment

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	10/10/2025	0	0.0%	7.0%
Option two				
First instalment	10/10/2025	0	4.5%	7.0%
Second instalment	12/12/2025	10	4.5%	7.0%
Option three				
First instalment	10/10/2025	0	4.5%	7.0%
Second instalment	12/12/2025	10	4.5%	7.0%
Third instalment	13/02/2026	10	4.5%	7.0%
Fourth instalment	17/04/2026	10	4.5%	7.0%

CITY OF KARRATHA
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2026

(c) Service Charges

The City did not raise service charges for the year ended 30th June 2026.

(d) Waivers or concessions

Rate, fee or charge to which the waiver or concession is granted	Type	Waiver/ Concession	Discount %	Discount (\$)	2025/26 Budget	2024/25 Forecast	2024/25 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
					\$	\$	\$		
Cossack Concessions	Rate	Concession	97.1%	1,700	32,300	32,660	31,806	19 rateable residential properties within the Cossack Township	To provide rating relief to property owners in the Cossack Township
Cossack Concessions	Rate	Concession	97.1%	1,700	1,700	1,719	1,674	1 rateable non-residential property within the Cossack Township	To provide rating relief to property owners in the Cossack Township
Community Waivers	Rate	Waiver	100.0%	N/A	223,408	239,709	233,444	Waiver of Fees and Charges for local Community Groups where no commercial return is derived from the property	To assist local Community Groups to remain operational
					257,408	274,087	266,924		

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

3. NET CURRENT ASSETS

(a) Composition of estimated net current assets

Current assets

Cash and cash equivalents
Financial assets
Receivables
Inventories
Non-current assets held for sale

Less: current liabilities

Trade and other payables
Lease liabilities
Long term borrowings
Employee provisions

Net current assets

Less: Total adjustments to net current assets

Net current assets used in the Statement of Financial Activity

Note	2025/26 Budget 30 June 2026	2024/25 Forecast 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
4	27,922,290	31,848,646	15,593,067
	106,000,004	116,606,122	89,999,946
	13,404,773	11,749,354	10,824,305
	2,005,847	2,005,847	671,693
	0	0	0
	149,332,914	162,209,969	117,089,011
	(23,572,590)	(23,572,590)	(6,557,555)
8	(133,322)	0	(121,461)
7	0	0	(1,381)
	(4,722,441)	(4,634,109)	(4,061,537)
	(28,428,353)	(28,206,699)	(10,741,934)
	120,904,561	134,003,270	106,347,077
3(b)	(120,897,701)	(122,617,395)	(106,336,309)
	6,860	11,385,875	10,768

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

3. NET CURRENT ASSETS

(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

Less: Cash - reserve accounts
Less: Current assets not expected to be received at end of year
- Inventory - land held for resale
- Rates receivable
- Provision for landfill remediation
Add: Current liabilities not expected to be cleared at end of year
- Current portion of borrowings
- Current portion of lease liabilities
- Current portion of other provisions held in reserve

Total adjustments to net current assets

Note	2025/26 Budget 30 June 2026	2024/25 Forecast 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
9	(126,202,268)	(127,231,352)	(101,740,383)
	(1,185,247)	(1,185,247)	(2,548,882)
	(74,503)	0	0
	(1)	0	(6,231,423)
	0	0	1,381
	133,322	0	121,461
	6,430,996	5,799,204	4,061,537
	(120,897,701)	(122,617,395)	(106,336,309)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND 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) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Fair value adjustments to financial assets at fair value through profit and loss
Add: Depreciation
Non-cash movements in non-current assets and liabilities:
- Other provisions

Non cash amounts excluded from operating activities

Note	2025/26 Budget 30 June 2026	2024/25 Forecast 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
6	(582,564)	(511,117)	0
	30,742,653	29,635,598	31,636,862
	0	(1)	
	30,160,089	29,124,480	31,636,862

(d) Non-cash amounts excluded from investing activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

Adjustments to investing activities

Movement in current other provision associated with restricted cash

Non cash amounts excluded from investing activities

Note	2025/26 Budget 30 June 2026	2024/25 Forecast 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
	(582,564)	(511,117)	(1,845,421)
	(582,564)	(511,117)	(1,845,421)

(e) Non-cash amounts excluded from financing activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

Adjustments to financing activities

Less: Lease liability recognised

Non cash amounts excluded from financing activities

Note	2025/26 Budget 30 June 2026	2024/25 Forecast 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
8	0	0	133,326
	0	0	133,326

3. NET CURRENT ASSETS

(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 City's operational cycle. In the case of liabilities where the City does not have the unconditional 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 City's intentions to release for sale.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City 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 City 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.

SUPERANNUATION

The City contributes to a number of superannuation funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

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 City's intentions to release for sale.

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.

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 City 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 City 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 City 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 City'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 City'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 City'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 City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City 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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

4. 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	2025/26 Budget	2024/25 Forecast	2024/25 Budget
		\$	\$	\$
Cash at bank and on hand		1,078,314	1,387,963	2,093,067
Term deposits		26,843,976	30,460,683	13,500,000
Total cash and cash equivalents		27,922,290	31,848,646	15,593,067
Held as				
- Unrestricted cash and cash equivalents		7,520,022	14,417,294	3,852,684
- Restricted cash and cash equivalents		20,402,268	17,431,352	11,740,383
	3(a)	27,922,290	31,848,646	15,593,067
Restrictions				
The following classes of 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		8,891,932	5,947,229	11,740,383
- Restricted financial assets at amortised cost - term deposits		105,800,000	109,800,000	90,000,000
		114,691,932	115,747,229	101,740,383
The assets are restricted as a result of the specified purposes associated with the liabilities below:				
Financially backed reserves	9	126,202,268	127,231,352	101,740,383
		126,202,268	127,231,352	101,740,383
Reconciliation of net cash provided by operating activities to net result				
Net result		28,355,176	33,724,209	14,304,578
Depreciation	6	30,742,653	29,635,598	31,636,862
(Increase)/decrease in receivables		7,000,000	(7,417,422)	(54)
Increase/(decrease) in other provision		316,614	254,690	314,696
Capital grants, subsidies and contributions		(500,700)	(2,350,929)	(4,521,541)
Net cash from operating activities		65,913,743	53,846,146	41,734,541

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 and bank overdrafts.

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

FINANCIAL ASSETS AT AMORTISED COST

The City 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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

5. PROPERTY, PLANT AND EQUIPMENT

	2025/26 Budget			2024/25 Forecast			2024/25 Budget	
	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Additions	Disposals - Net Book Value	Disposals - Sale Proceeds	Additions	Disposals - Sale Proceeds
(a) Property, Plant and Equipment	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	(160,000)	160,000	0	(315,000)	315,000	0	1,455,204
Buildings - non-specialised	13,522,482	0	0	7,458,375	0	0	13,046,371	0
Furniture and equipment	899,291	0	0	1,670,920	0	0	1,145,000	0
Plant and equipment	3,853,563	(422,564)	422,564	1,963,774	(196,117)	196,117	1,606,365	390,217
Equipment	2,549,528	0	0	384,672	0	0	1,710,427	0
Total	20,824,864	(582,564)	582,564	11,477,741	(511,117)	511,117	17,508,163	1,845,421
(b) Infrastructure								
Infrastructure - roads	7,743,610	0	0	8,716,229	0	0	9,159,946	0
Infrastructure - footpaths	5,748,658	0	0	2,061,465	0	0	2,945,000	0
Infrastructure - drainage	0	0	0	1,826,979	0	0	1,400,000	0
Infrastructure - Parks, Recreation and Open Space	12,874,139	0	0	3,773,667	0	0	4,623,543	0
Infrastructure - Aerodromes	5,868,808	0	0	2,771,313	0	0	3,245,000	0
Infrastructure - Miscellaneous Structures	17,863,285	0	0	9,225,480	0	0	13,247,575	0
Total	50,098,500	0	0	28,375,133	0	0	34,621,064	0
Total	70,923,364	(582,564)	582,564	39,852,873	(511,117)	511,117	52,129,227	1,845,421

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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

6. DEPRECIATION

By Class

Buildings - non-specialised
 Furniture and equipment
 Plant and equipment
 Landfill Post Closure Assets
 Artwork & Sculptures
 Equipment
 Infrastructure - roads
 Right of use - buildings

By Program

Governance
 Law, order, public safety
 Health
 Education and welfare
 Housing
 Community amenities
 Recreation and culture
 Transport
 Economic services
 Other property and services

2025/26 Budget	2024/25 Forecast	2024/25 Budget
\$	\$	\$
9,973,083	9,624,704	10,750,534
710,470	686,929	616,149
1,877,689	1,770,240	2,060,327
1,111,181	1,072,960	912,785
52,076	50,275	50,337
340,138	328,587	300,498
16,485,866	15,918,903	16,762,707
192,150	183,000	183,525
30,742,653	29,635,598	31,636,862
0	0	949
161,948	156,374	178,376
49,795	48,086	50,099
154,778	149,456	148,930
1,483,625	1,432,602	1,254,850
2,453,703	2,369,309	2,267,513
9,995,681	9,649,160	10,285,101
13,692,407	13,221,517	14,101,999
74,554	72,001	72,885
2,676,162	2,537,093	3,276,160
30,742,653	29,635,598	31,636,862

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
 Furniture and equipment
 Plant and equipment
 Landfill Post Closure Assets
 Artwork & Sculptures
 Equipment
 Infrastructure - roads
 Right of use - buildings

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 live 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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

7. 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	2025/26 Budget New Loans	2025/26 Budget Principal Repayments	Budget Principal outstanding	2025/26 Budget Interest Repayments	Forecast Principal	2024/25 Forecast New Loans	2024/25 Forecast Principal Repayments	Forecast Principal outstanding	2024/25 Forecast Interest Repayments	Budget Principal	2024/25 Budget New Loans	2024/25 Budget Principal Repayments	Budget Principal outstanding	2024/25 Budget Interest Repayments
				1 July 2025			30 June 2026		1 July 2024			30 June 2025		1 July 2024			30 June 2025	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Self Supporting Loans																		
Karratha KATS Club	2023-1	WATC		0	0	0	0	0	21,281	0	(21,281)	0	(364)	21,285	0	(21,285)	0	(364)
				0	0	0	0	0	21,281	0	(21,281)	0	(364)	21,285	0	(21,285)	0	(364)
				0	0	0	0	0	21,281	0	(21,281)	0	(364)	21,285	0	(21,285)	0	(364)

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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

7. BORROWINGS

(b) New borrowings - 2025/26

The City does not intend to undertake any new borrowings for the year ended 30th June 2026

(c) Unspent borrowings

The City had no unspent borrowing funds as at 30th June 2025 nor is it expected to have unspent borrowing funds as at 30th June 2026.

(d) Credit Facilities

	2025/26 Budget	2024/25 Forecast	2024/25 Budget
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit	1,000,000	1,000,000	1,000,000
Bank overdraft at balance date	0	0	0
Credit card limit	126,000	126,000	126,000
Credit card balance at balance date	0	0	0
Total amount of credit unused	1,126,000	1,126,000	1,126,000

MATERIAL ACCOUNTING POLICIES

BORROWING COSTS

The City 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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

8. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal	2025/26 Budget New Leases	2025/26 Budget Lease Principal Repayments	Budget Lease Principal outstanding	2025/26 Budget Lease Interest Repayments	Forecast Principal	2024/25 Forecast New Leases	2024/25 Forecast Lease Principal repayments	Forecast Lease Principal outstanding	2024/25 Forecast Lease Interest repayments	Budget Principal	2024/25 Budget New Leases	2024/25 Budget Lease Principal repayments	Budget Lease Principal outstanding	2024/25 Budget Lease Interest Repayments
					1 July 2025			30 June 2026		1 July 2024			30 June 2025		1 July 2024			30 June 2025	
ERP Project Office		Glensal Pty Ltd	1.20%	3 years	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (253)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (253)
Roebourne Library		Wawardu Ltd	2.30%	5 years	12,865	0	0	12,865	(135)	12,865	0	0	12,865	(135)	12,865	0	(12,865)	0	(135)
Tambrey Indoor Play Centre		Tambrey Developments	1.90%	10 years	927,462	0	0	927,462	(16,447)	927,462	0	0	927,462	(16,447)	927,462	0	(120,457)	807,005	(16,447)
					940,327	0	0	940,327	(16,582)	940,327	0	0	940,327	(16,835)	940,327	0	(133,322)	807,005	(16,835)

MATERIAL ACCOUNTING POLICIES

LEASES

At the inception of a contract, the City 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 City 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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

9. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2025/26 Budget				2024/25 Forecast				2024/25 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) Employee Entitlement Reserve	5,799,204	631,792	0	6,430,996	5,107,893	691,311	0	5,799,204	4,604,310	141,467	0	4,745,777
(b) Public Open Space Reserve	148,025	6,939	0	154,964	141,779	6,246	0	148,025	141,796	4,359	0	146,155
	5,947,229	638,731	0	6,585,960	5,249,672	697,557	0	5,947,229	4,746,106	145,826	0	4,891,932
Restricted by council												
(f) Aerodrome Reserve	17,887,198	4,931,445	(11,214,437)	11,604,206	17,853,223	5,259,483	(5,225,508)	17,887,198	12,342,774	8,243,177	(4,480,000)	16,105,951
(g) Community Development Reserve	657,608	0	(657,609)	(1)	627,942	29,666	0	657,608	628,571	19,313	0	647,884
(h) Dampier Drainage Reserve	0	0	0	0	0	0	0	0	402	12	0	414
(i) Economic Development Reserve	1,531,844	71,590	0	1,603,434	1,462,739	69,105	0	1,531,844	1,358,659	44,820	0	1,403,479
(j) Infrastructure Reserve	50,907,151	19,504,633	(29,561,608)	40,850,176	51,727,967	19,538,097	(20,358,913)	50,907,151	58,273,450	1,924,446	(15,304,258)	44,893,638
(k) Medical Services Assistance Package Reserve	31,858	5,695	0	37,553	116,362	5,496	(90,000)	31,858	92,417	2,840	(90,000)	5,257
(l) Mosquito Control Reserve	2,361	0	(2,361)	0	2,254	107	0	2,361	11,052	339	0	11,391
(m) RIO Tinto Partnership Reserve	17,117,881	9,301,897	(4,500,000)	21,919,778	16,384,603	5,070,180	(4,336,902)	17,117,881	13,070,814	4,688,978	(4,336,902)	13,422,890
(n) Restricted Funds Reserve	23,024	0	(23,024)	0	23,024	0	0	23,024	79,845	0	0	79,845
(o) Waste Management Reserve	32,743,397	9,052,271	(6,597,000)	35,198,668	21,778,279	11,531,957	(566,839)	32,743,397	17,025,317	3,507,971	(566,839)	19,966,449
(p) Workers Compensation Reserve	381,801	0	(381,801)	0	364,575	17,226	0	381,801	300,037	11,216	0	311,253
(q) Strategic Reserve	0	8,234,000		8,234,000	0	0	0	0	0	0	0	0
(r) Woodside Partnership Reserve	0	168,494		168,494	0	0	0	0	0	0	0	0
	121,284,123	51,270,025	(52,937,840)	119,616,308	110,340,968	41,521,317	(30,578,162)	121,284,123	103,183,338	18,443,112	(24,777,999)	96,848,451
	127,231,352	51,908,756	(52,937,840)	126,202,268	115,590,640	42,218,874	(30,578,162)	127,231,352	107,929,444	18,588,938	(24,777,999)	101,740,383

(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) Employee Entitlements Reserve	Ongoing	To fund employee leave entitlements when on extended leave, including long service leave as well as periods of Annual Leave for periods greater than 4 weeks duration, thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.
(b) Public Open Space Reserve	Ongoing	To fund development of land set aside for the purpose of public enjoyment and protection of unique, environmental, social and cultural values for existing and future generations.
Restricted by council		
(f) Aerodrome Reserve	Ongoing	The purpose of this reserve is to fund the development, operation and maintenance of the Karratha Airport, inclusive of any repayments of borrowings.

9. RESERVE ACCOUNTS

(g) Community Development Reserve	Closing	The purpose of this reserve is to hold Annual Community Association Grant Scheme unspent payments each year and to fund future projects initiated by Community Associations from time to time via the Annual Community Association Grant Scheme.
(h) Dampier Drainage Reserve	Ongoing	This reserve is maintained as part of an agreement between the City and Hamersley Iron. The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron pay to the City each year a \$10,000 contribution towards this maintenance with any additional works required being drawn from this reserve and similarly, any funds remaining unspent being transferred to this reserve.
(i) Economic Development Reserve	Ongoing	To fund economic development activities within the City, including Destination Marketing, Business Attraction, Property Development and Tourism.
(j) Infrastructure Reserve	Ongoing	The purpose of this reserve is to allow for the use of these reserve funds for the enhancement, replacement, refurbishment and purchase of infrastructure assets or project works of the City inclusive of the associated repayment of borrowings on infrastructure. Project works funded from this reserve may not necessarily belong to the City but must be carried out for the benefit of the City.
(k) Medical Services Assistance Package Reserve	Ongoing	The purpose of this reserve is to fund future assistance to Medical Services in accordance with the City's participation in the Medical Services Incentive Scheme. This is inclusive of retention payments to General Practitioner's in accordance with the Medical Services Incentive Scheme.
(l) Mosquito Control Reserve	Closing	The purpose of this reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.
(m) RIO Tinto Partnership Reserve	Ongoing	This reserve is maintained as part of the Community Infrastructure and Services Partnership (the Partnership) and the related funding agreements between the City and Rio Tinto Iron Ore. The purpose of the reserve is to preserve funds received under each funding agreement under the Partnership and restrict the funds for the purpose of each funding agreements. Reserve renamed to Rio Tinto Partnership Reserve April 2025.
(n) Restricted Funds Reserve	Closing	This reserve is for the purpose of holding Unexpended or Prepaid Grants (other than Royalties for Regions) and Capital Contributions provided for specific purposes.
(o) Waste Management Reserve	Ongoing	The purpose of this reserve is to fund development, operation and maintenance of the City's Waste Management facilities inclusive of repayments of borrowings.
(p) Workers Compensation Reserve	Closing	The purpose of this reserve is to provide City with sufficient funds to cover its potential liability in regard to the performance based workers compensation scheme of Local Government Insurance Services of which the City of Karratha is a member. Funds within the reserve that become surplus to requirements will be transferred to the City's Employee Entitlements Reserve via way of the City's Annual Budget.
(q) Strategic Reserve	Ongoing	The purpose of this reserve is to quarantine revenue funds that relate to contentious issues, projects or programs. The funds are placed into reserve whilst an outcome or timing is established and released upon resolution of these.
(r) Woodside Partnership Reserve	Ongoing	This reserve is maintained as part of the City of Karratha Community Development Partnership agreement between the City and Woodside. The purpose of the reserve is to preserve funds received under the funding agreement for the purpose outlined within the agreement.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments	7,303,213	7,003,049	4,865,431
Late payment of fees and charges *	32,000	40,488	30,864
Other interest revenue	260,064	279,345	360,000
	7,595,277	7,322,882	5,256,295

* The City has resolved to charge interest under section 6.13 for the late payment of any amount of money at 7%.

The net result includes as expenses

(b) Auditors remuneration

Audit services	120,000	80,000	80,000
	120,000	80,000	80,000

(c) Interest expenses (finance costs)

Borrowings (refer Note 7(a))	0	364	364
Interest on lease liabilities (refer Note 8)	16,582	16,835	16,835
Unwinding of discount	256,614	254,695	254,696
	273,196	271,894	271,895

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

11. COUNCIL MEMBERS REMUNERATION

	2025/26 Budget	2024/25 Forecast	2024/25 Budget
	\$	\$	\$
Mayor - Cr Daniel Scott			
Annual Allowance for the Mayor	100,514	97,115	97,115
Meeting attendance fees	53,215	51,412	51,412
Professional Development Allowance	5,000	2,036	5,000
Mayor's Discretionary Fund -Council related expenses	2,000	0	2,000
ICT Annual Allowance-Mayor, Deputy Mayor and Councillors	3,500	3,500	3,500
Travelling Expenses per Councillor	6,000	17,284	6,000
Superannuation contribution payments	18,447	0	0
	188,676	171,347	165,027
Deputy Mayor - Cr Daiva Gillam			
Deputy Mayor Local Government Allowance	25,128	24,279	24,279
Annual Attendance Fee - Deputy Mayor and Councillors	35,480	34,278	34,278
Professional Development Allowance	5,000	14,837	5,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	3,500	3,500	3,500
Travelling Expenses per Councillor	6,000	17,302	6,000
Superannuation contribution payments	7,273	0	0
	82,381	94,196	73,057
Cr Gillian Furlong			
Annual Attendance Fee - Deputy Mayor and Councillors	35,480	34,278	34,278
Professional Development Allowance	5,000	1,610	5,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	3,500	3,500	3,500
Travelling Expenses per Councillor	6,000	0	6,000
Superannuation contribution payments	4,258	0	0
	54,238	39,388	48,778
Cr Pablo Millar (retired)			
Annual Attendance Fee - Deputy Mayor and Councillors	0	470	34,278
Professional Development Allowance	0	0	5,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	0	48	3,500
Travelling Expenses per Councillor	0	0	6,000
	0	518	48,778
Cr Kelly Nunn			
Annual Attendance Fee - Deputy Mayor and Councillors	35,480	34,278	34,278
Professional Development Allowance	5,000	11,769	5,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	3,500	3,500	3,500
Travelling Expenses per Councillor	6,000	0	6,000
Superannuation contribution payments	4,258	0	0
	54,238	49,547	48,778
Cr Joanne Waterstrom Muller			
Annual Attendance Fee - Deputy Mayor and Councillors	35,480	34,278	34,278
Professional Development Allowance	5,000	1,610	5,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	3,500	3,500	3,500
Travelling Expenses per Councillor	6,000	0	6,000
Superannuation contribution payments	4,258	0	0
	54,238	39,388	48,778
Cr Brenton Johannsen			
Annual Attendance Fee - Deputy Mayor and Councillors	35,480	34,278	34,278
Professional Development Allowance	5,000	11,068	5,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	3,500	3,500	3,500
Travelling Expenses per Councillor	6,000	5,530	6,000
Superannuation contribution payments	4,258	0	0
	54,238	54,376	48,778
Cr Tony Simpson			
Annual Attendance Fee - Deputy Mayor and Councillors	35,480	34,278	34,278

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

11. COUNCIL MEMBERS REMUNERATION

	2025/26 Budget	2024/25 Forecast	2024/25 Budget
	\$	\$	\$
Professional Development Allowance	5,000	1,610	5,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	3,500	3,500	3,500
Travelling Expenses per Councillor	6,000	1,555	6,000
Superannuation contribution payments	4,258	0	0
	54,238	40,943	48,778
Cr Sarah Roots			
Annual Attendance Fee - Deputy Mayor and Councillors	35,480	34,278	34,278
Professional Development Allowance	5,000	2,215	5,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	3,500	3,500	3,500
Travelling Expenses per Councillor	6,000	0	6,000
Superannuation contribution payments	4,258	0	0
	54,238	39,993	48,778
Cr Travis McNaught (retired)			
Annual Attendance Fee - Deputy Mayor and Councillors	0	15,128	34,278
Professional Development Allowance	0	9,300	5,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	0	1,548	3,500
Travelling Expenses per Councillor	0	2,130	6,000
	0	28,106	48,778
Cr Jodie Swaffer			
Annual Attendance Fee - Deputy Mayor and Councillors	35,480	23,228	0
Professional Development Allowance	5,000	2,500	0
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	3,500	2,372	0
Travelling Expenses per Councillor	6,000	0	0
Superannuation contribution payments	4,258	0	0
	54,238	28,100	0
Council member 10 (Vacant)			
Annual Attendance Fee - Deputy Mayor and Councillors	35,480	0	0
Professional Development Allowance per Councillor	5,000	0	0
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	3,500	0	0
Travelling Expenses per Councillor	6,000	0	0
Superannuation contribution payments	4,258	0	0
	54,238	0	0
Total Council Member Remuneration	704,961	585,902	628,308
Annual Allowance for the Mayor	100,514	97,115	97,115
Deputy Mayor Local Government Allowance	25,128	24,279	24,279
Annual Attendance Fees	372,535	330,184	359,914
Professional Development Allowance	52,000	58,555	52,000
ICT Annual Allowance - Mayor, Deputy Mayor and Councillors	35,000	31,968	35,000
Travelling Expenses per Councillor	60,000	43,801	60,000
Superannuation contribution payments	59,784	0	0
	704,961	585,902	628,308

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Airport Operations

(a) Details

The City operates the Karratha Airport and operates the aerodrome with the purpose of producing a return on infrastructure. Forecasts are reviewed annually as part of Council's Long Term Financial Plan. These assumptions underpin future forecasts for airport operations.

(b) Statement of Comprehensive Income

	2024/25 Forecast	2025/26 Budget	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast	2029/30 Forecast	2030/31 Forecast
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Fees and Charges	30,668,999	31,803,752	32,789,668	33,806,148	34,820,332	35,830,122	36,869,196
Terminal Leases							
Grants and Contributions							
Other Revenue	68,640	70,287	72,537	74,495	76,357	78,266	80,223
	30,737,639	31,874,039	32,862,205	33,880,643	34,896,689	35,908,388	36,949,419
Expenditure							
Employee Costs	(2,427,183)	(2,544,173)	(2,645,177)	(2,750,455)	(2,852,497)	(2,964,029)	(3,082,294)
Materials & Contracts	(6,619,311)	(6,786,118)	(7,011,417)	(7,209,139)	(7,398,018)	(7,591,846)	(7,790,753)
Utilities	(1,786,510)	(1,831,530)	(1,892,337)	(1,945,701)	(1,996,678)	(2,048,991)	(2,102,675)
Depreciation	(4,684,464)	(4,754,731)	(4,826,052)	(4,898,443)	(4,971,919)	(5,046,498)	(5,122,196)
Insurance	(718,356)	(735,597)	(759,136)	(779,632)	(799,123)	(819,101)	(839,579)
Other Expenditure	(516,980)	(529,905)	(546,861)	(561,627)	(575,667)	(590,059)	(604,811)
	(16,752,804)	(17,182,054)	(17,680,980)	(18,144,997)	(18,593,902)	(19,060,524)	(19,542,308)
NET RESULT	13,984,835	14,691,985	15,181,225	15,735,646	16,302,787	16,847,864	17,407,111
TOTAL COMPREHENSIVE INCOME	13,984,835	14,691,985	15,181,225	15,735,646	16,302,787	16,847,864	17,407,111

The Quarter Investment Property

(a) Details

The City operates The Quarter Investment Property with the purpose of producing a return on investment. Forecasts are reviewed annually as part of Council's Long Term Financial Plan. These assumptions underpin future forecasts for The Quarter Investment operations.

(b) Statement of Comprehensive Income

	2024/25 Forecast	2025/26 Budget	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast	2029/30 Forecast	2030/31 Forecast
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Operating grants, subsidies and contributions	1,200,000	1,228,800	1,274,266	1,306,122	1,338,775	1,372,245	1,406,551
Other Revenue							
	1,200,000	1,228,800	1,274,266	1,306,122	1,338,775	1,372,245	1,406,551
Expenditure							
Employee Costs	(202,631)	(212,398)	(220,830)	(229,619)	(238,138)	(247,449)	(257,322)
Materials & Contracts	(995,552)	(1,020,640)	(1,054,525)	(1,084,263)	(1,112,670)	(1,141,822)	(1,171,738)
Utilities	(282,480)	(289,598)	(299,213)	(307,651)	(315,711)	(323,983)	(332,471)
Insurance	(150,294)	(153,901)	(158,826)	(163,114)	(167,192)	(171,372)	(175,656)
	(1,630,957)	(1,676,537)	(1,733,394)	(1,784,647)	(1,833,711)	(1,884,626)	(1,937,187)
NET RESULT	(430,957)	(447,737)	(459,128)	(478,525)	(494,936)	(512,381)	(530,636)
TOTAL COMPREHENSIVE INCOME	(430,957)	(447,737)	(459,128)	(478,525)	(494,936)	(512,381)	(530,636)

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

13. 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 2025	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2026
	\$	\$	\$	\$
Public Open Space Contributions	611,767	0	0	611,767
Karratha Agistment Centre Compensation Funds	206,780	0	0	206,780
Other Bonds & Guarantees	25,077	0	0	25,077
VAST	169	0	0	169
Ranger Bonds	4,665	0	0	4,665
Unclaimed Monies	3,283	0	0	3,283
	851,741	0	0	851,741

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

14. 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 / INCOME

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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

14. REVENUE AND EXPENDITURE

(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
Rates	General rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and service	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
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
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
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Output method based on provision of service
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on provision of service
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
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Output method over 12 months matched to access right
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 40 day credit	Refund for faulty goods	Output method based on provision of goods
Commissions	Commissions on ticket sales/artwork	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

15. 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 City'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.

Functions relating to Councillors and the oversight of legislative compliance. Expenditure includes election costs as well as fees and allowances paid to elected members and other costs associated with members of Council. Governance also includes other tasks such as the City's internal audit function, Freedom of Information requests, Public Interest Disclosures and procurement policy development and oversight.

General purpose funding

To collect revenue to allow for the provision of services.

Rating (including ex-gratia contributions), interest revenues, investment property revenues and general purpose Government grant functions. Includes the Financial Assistance Grant received from the Local Government Grants Commission and all other rate income.

Law, order, public safety

To provide services to help ensure a safer and environmentally conscious community.

Supervision of various by-laws, fire and emergency services and animal control. Includes expenditure for Ranger Services, State Emergency Service and disaster preparation and recovery expenses.

Health

To provide an operational framework for environmental and community health.

Food control, immunisation services, mosquito control and maintenance of child health centres. Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses primarily relating to mosquito control.

Education and welfare

To provide services to disadvantaged persons, the elderly, children and youth.

Maintain preschool facilities and day care centres. This includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.

Housing

To provide and maintain staff housing.

Maintenance and operational expenses associated with the provision of staff housing.

Community amenities

To provide services required by the community.

Rubbish collection services, operation of waste facility, administration of town planning schemes and operation of cemeteries. Also included are the costs associated with the maintaining and cleaning of public toilets.

Recreation and culture

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Maintenance and operation of halls, recreation and aquatic centres, various reserves and libraries. Expenditure includes the cost of the Karratha Leisureplex, Red Earth Arts Precinct, community hubs and other pavilions, ovals and parks maintenance, coastal rehabilitation, and four libraries. Expenses relating radio re-broadcasting are also included in this function.

Transport

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, drainage, footpaths, parking facilities and traffic signs. It also includes expenditure relating to parking control and the operation of the Karratha & Roebourne Airport.

Economic services

To help promote the local government and its economic wellbeing.

Includes expenditure associated with operation of visitor services and camping grounds, in addition to the administration of building controls.

Other property and services

To monitor and control operating accounts.

Includes private works on property and services not under the care, control and management of the City. It also includes expenditure relating to plant operations, technical services, town planning schemes and other unclassified works.

CITY OF KARRATHA
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2026

16. FEES AND CHARGES

	2025/26 Budget	2024/25 Forecast	2024/25 Budget
	\$	\$	\$
By Program:			
Governance	64,800	73,600	64,600
General purpose funding	5,224,888	5,084,556	3,176,250
Law, order, public safety	90,000	76,800	76,800
Health	195,850	235,230	185,230
Education and welfare	88,000	94,500	84,500
Housing	1,652,656	1,542,208	881,014
Community amenities	24,794,824	24,748,392	17,921,654
Recreation and culture	7,565,694	7,573,318	6,896,955
Transport	34,023,402	32,104,909	30,668,999
Economic services	699,500	730,880	714,280
Other property and services	64,040	189,771	198,201
	74,463,654	72,454,164	60,868,483