

SHIRE OF ASHBURTON AUDIT AND RISK COMMITTEE MEETING

AGENDA AND ATTACHMENTS (Public Document)

Council Chambers, Onslow Shire Complex, Second Avenue, Onslow 18 December 2018 10.00 am

SHIRE OF ASHBURTON

AUDIT AND RISK COMMITTEE MEETING

Dear Councillor

Notice is hereby given that an Audit and Risk Committee of the Shire of Ashburton will be held on 18 December 2018 at the Council Chambers, Onslow Shire Complex, Second Avenue, Onslow commencing at 10:00 am.

The business to be transacted is shown in the Agenda.

Rob Paull

CHIEF EXECUTIVE OFFICER

DISCLAIMER

The recommendations contained in the Agenda are subject to confirmation by the Committee and endorsement by the Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.

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1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at _____ am.

1.1 ACKNOWLEDGEMENT OF COUNTRY

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and all their elders both past, present and future.

2. ATTENDANCE

2.1 PRESENT

Members:	Cr P Foster	Tom Price Ward (Presiding Member)
	Cr K White	Onslow Ward
	Cr M Lynch	Tom Price Ward
	Cr D Dias	Paraburdoo Ward
Staff:	Mr R Paull	Chief Executive Officer
	Mr J Bingham	Director Corporate Services
	Mr B Cameron	Director Property and Development Services
	Mrs S Johnston	Acting Director Community Services
	Mr A Mccoll	Acting Director Infrastructure
	Ms J Smith	Executive Coordinator
	Mrs D Walkington	Administration Officer Community Services
Guests:	Mr Wen Shein Chai	Auditor, Moore Stephens (WA) Pty Ltd to report on Agenda Item 7.1 REVIEW OF 2017-18 INDEPENDENT AUDIT REPORT AND MANAGEMENT REPORTS
Members of	There were	members of the public in attendance at the
Public:	commencement of the meeting.	
Members of	There were	members of the media in attendance at the
Media:	commencement of th	e meeting.

2.2 APOLOGIES

2.3 APPROVED LEAVE OF ABSENCE

3. ANNOUNCEMENT OF VISITORS

4. DECLARATION BY MEMBERS

4.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA

Councillors Foster, White, Dias and Lynch are requested to acknowledge during the meeting that they have given due consideration to all matters contained in the Agenda.

4.2 DECLARATIONS OF INTEREST

Councillors to Note

A member who has an Impartiality, Proximity or Financial Interest in any matter to be discussed at a Council or Committee Meeting, that will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or:
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (a) Preside at the part of the Meeting, relating to the matter or;
- (b) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the Local Government Act 1995.

NOTES ON DECLARING INTERESTS (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have an interest in a matter.

These notes are included in each agenda for the time being so that Councillors may refresh their memory.

- 1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the Local Government Act 1995 but they should not be relied on without advice, unless the situation is very clear.
- 2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
- 3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
- If in doubt declare.
- 5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
- 6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
- 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the *Local Government Act*; or

6.2 Where the Minister allows the Councillor to participate under s.5.69(3) of the *Local Government Act*, with or without conditions.

Declarations of Interest provided:

Item Number/ Name	Type of Interest	Nature/Extent of Interest
There were no Declaration of Interests provided.		

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

5.1 AUDIT AND RISK COMMITTEE MEETING HELD ON 23 OCTOBER 2018

Officers Recommendation

That the Minutes of the Audit and Risk Committee Meeting held on 23 October 2018, be confirmed as a true and accurate record. **ATTACHMENT 5.1.**

6. TERMS OF REFERENCE

Under the *Local Government Act 1995*, Local Governments are required to appoint an Audit Committee (section 7.1A of the *Local Government Act 1995*).

An Audit and Risk Committee is to provide guidance and assistance to the Local Government – as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under Part 6 of the Act and the carrying out of its functions relating to other audits and other matters related to financial management (clause 16 Local Government (audit) Regulations 1996).

7. AGENDA ITEMS

7.1 REVIEW OF 2017-18 INDEPENDENT AUDIT REPORT AND MANAGEMENT REPORTS

FILE REFERENCE: FM09

AUTHOR'S NAME AND John Bingham

POSITION: Director Corporate Services

AUTHORISING OFFICER AND Rob Paull

POSITION: Chief Executive Officer

NAME OF APPLICANT/

RESPONDENT:

Not Applicable

DATE REPORT WRITTEN: 3 December 2018

DISCLOSURE OF FINANCIAL

INTEREST:

The author and the authorising officer have no financial,

proximity or impartiality interests in the proposal.

PREVIOUS MEETING

REFERENCE:

Not Applicable

Summary

The Auditors conducted the Annual Financial Audit for 2017/18 during October and November 2018. This report discusses the outcomes of the Audit including the Independent Auditors Report and Management letter.

Background

The Auditors completed their fieldwork during a visit to Tom Price in late October. At a de-brief meeting prior to departure the Auditors confirmed there were no compliance issues in relation to the *Local Government Act 1995* ("the Act") and the *Local Government (Financial Management) Regulations 2011* ("the Financial Regulations"). A list of outstanding information required by the Auditors plus completion of work papers by Finance Officers was finalised in November resulting in the Financial Report for the year ended 30 June 2018 being completed and signed off on Monday 10 December 2018.

Comment

The following reports have been presented by the Auditors:

- Independent Auditors Report to the Electors of the Shire of Ashburton for the year ended 30 June 2018 (ATTACHMENT 7.1A - "Auditors Report"); and
- Management Report for the year ended 30 June 2018 (ATTACHMENT 7.1B "Management Report").

ATTACHMENT 7.1A ATTACHMENT 7.1B

The opinion on the Audit of the Financial Report can be summarised as follows:

"The Financial report of the Shire of Ashburton is in accordance with the Act and the Financial Regulations including giving a true and fair view of the Shire's financial position as of 30 June 2018 and its financial performance and its cash-flows for the year ended on that date and complies with Australian Accounting Standards".

Additionally the Audit opinion reports:

- There are no matters indicating adverse trends in the financial position or financial management practices of the Shire;
- No matters indicating non-compliance with Part 6 Financial Management of the Act or the Financial Regulations or applicable financial controls of any other written law;
- In relation to the Supplementary Ratio information the calculations were supported by verifiable information and reasonable assumptions;
- All necessary information and explanations were obtained from Shire officers; and
- All audit procedures satisfactorily completed during the conduct of the audit.

The Annual Financial Report includes a Statement of Financial Position as at 30 June 2018, a Statement of Comprehensive Income, a Statement of Changes in Equity, a Statement of Cash-flows and a Statement of Rate Setting Statement for the year ended 30 June 2018 inclusive of accounting policies and other explanatory notes and statements. The Annual Financial Report has been audited by Moore Stephens and this year they provided an unqualified opinion.

The 2017/18 Annual Financial Statements are presented in ATTACHMENT 7.1C

An Audit Concluding Memorandum is also attached (**CONFIDENTIAL ATTACHMENT 7.1D**) and should be reviewed prior to the Audit and Risk Committee Meeting.

The Audit and Risk Committee will be provided the opportunity to meet and discuss the Audit Report and Management Reports with the Auditor at the meeting.

Consultation

Executive Management Team Finance Team and Manager Moore Stephens (Auditor)

Statutory Environment

The Shire is required to prepare an Annual Report for each financial year in accordance with Part 5 Division 5 of *the Act*. The Report is to be accepted no later than 31 December by an absolute majority in accordance with section 5.54 of *the Act*. Section 7.12 of the *Act* also applies:

- 7.12A. Duties of local government with respect to audits
- (1) A local government is to do everything in its power to
 - (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —

- (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
- (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time

Financial Implications

Outcomes of the Report will influence the current Budget as well as the Long Term Financial Plan.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027 Goal 4 – Quality Services and Partnerships Objective 01 – Quality public infrastructure

Risk Management

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Low" and can be managed by routine procedures, and is unlikely to need specific application of resources.

Policy Implications

There are no known policy implications for this matter.

Voting Requirement

Simple Majority Required

Officers Recommendation

That with respect to the Review of the 2017-18 Independent Audit Report and the Management Reports, that the Audit and Risk Committee note receipt of the Management Report for the year ended 30 June 2018 and recommend that Council:

- 1. Note the presentation by the Auditor to the Committee;
- 2. Accept the 2017/18 Annual Financial Report ATTACHMENT 7.1C;
- 3. Accept the Independent Auditors Report to the Electors of the Shire of Ashburton for the year ended 30 June 2018 **ATTACHMENT 7.1A**; and
- 4. Review the Audit Concluding Memorandum **CONFIDENTIAL ATTACHMENT 7.1D**, prior to the Audit and Risk Committee Meeting.

REGULATION 17 - RISK AUDIT PROGRESS REPORT DECEMBER 7.2 2018

FILE REFERENCE: FM14.16.17

AUTHOR'S NAME AND Nicky Tyson

POSITION: Manager Governance & Corporate Strategy

AUTHORISING OFFICER AND Rob Paull

POSITION: Chief Executive Officer

NAME OF APPLICANT/

RESPONDENT:

Not Applicable

DATE REPORT WRITTEN: 3 December 2018

DISCLOSURE OF FINANCIAL

INTEREST:

The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.

PREVIOUS MEETING Agenda Item 7.1 (Minute No. 22/2018) – Audit and Risk

REFERENCE: Committee Meeting 19 September 2018

Summary

The Shire's contracted Auditors, Moore Stephens Pty Ltd (MS) conducted the most recent Risk Audit and review process in late 2016. Its report contains a list of improvements / opportunities. At the September 2018 Audit and Risk Committee meeting it was reported that a number of suggestions and opportunities had already been completed and planning had commenced and / or systems had been put in place to address the remaining. The Committee is now informed that the remaining two items have been completed.

Background

Local Government (Audit) Regulations 1996 includes 'Local Government Operational Guideline – 9 – Audit in Local Governments'. Regulation 17 prescribes a number of matters that are to be reviewed by local government Audit Committees. These functions now include reviewing the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance; and reporting the results of the Committee's consideration of that review, to the Council.

This Risk Audit and review process is now to occur at least once every three calendar years. The latest review / audit was conducted onsite, 24 – 25 October 2016, by MS and a report was presented to the Audit and Risk Committee in December 2016. Further progress reports were presented to the committee each quarter with the most recent being September 2018.

Comment

The attached report from the Chief Executive Officer is referred to the Audit and Risk Committee and contains progress of action taken on the recommendations from MS in the Regulation 17 Audit for the Shire of Ashburton's consideration in the areas covered by the audit, that being:

- Risk Management;
- Internal Controls; and

Legislative Compliance.

There were no critical (i.e. legislative compliance) issues raised in the MS Regulation 17 Audit and attached is the CEO's report to the Audit and Risk Committee (which contains updated officer status / progress comments) outlining how the Shire's Governance propose to see the improvements recommended, progressed and finalised.

ATTACHMENT 7.2

As the attached report outlines, all 43 improvement opportunities suggested in the report have now been completed through new or existing actions, upon review and approval from the committee and Council.

Consultation

Executive Management Team Manager Governance & Corporate Strategy Moore Stephens Australia Pty Ltd

Statutory Environment

Recent audit reforms have now been implemented with changes to the reporting period. This review is now only required once every three financial years.

Regulation 17 Local Government Audit Regulations 1996 requires the following: A suitable allocation has been made in the budget for future reviews, with the next review due late 2019.

- 1. The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:
 - a) risk management;
 - b) internal control; and
 - c) legislative compliance.
- 2. The review may relate to any or all of the matters referred to in sub regulation (1) (a), (b) and (c), but each of those matters is to be the subject of a review at least once every three calendar years.
- 3. The CEO is to report to the Audit Committee the results of that review.

Financial Implications

Implementing the recommendations of the Report that have financial impacts will be processed through normal budgetary processes.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027 Goal 5 – Inspiring Governance Objective 4 – Exemplary Team & Work Environment

Risk Management

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Medium" risk (largely due to the costs of developing / implementing new procedures, etc.) but can be managed by routine procedures and monitoring.

Policy Implications

There are no known policy implications for this matter.

Voting Requirement

Simple Majority Required

Officers Recommendation

That with respect to the *Review of Risk Management, Legislative Compliance and Internal Controls*, the Audit and Risk Committee recommend that Council:

1. Note the final updated Chief Executive Officer Report (as per **ATTACHMENT 7.2**) which describes how the suggested improvements / opportunities have been implemented, including actions completed.

7.3 CORPORATE BUSINESS PLAN – QUARTERLY PROGRESS REPORT

FILE REFERENCE: CM03

AUTHOR'S NAME AND Nicky Tyson

POSITION: Manager Governance & Corporate Strategy

AUTHORISING OFFICER AND Rob Paull

POSITION: Chief Executive Officer

NAME OF APPLICANT/ Not Applicable

RESPONDENT:

DATE REPORT WRITTEN: 3 December 2018

DISCLOSURE OF FINANCIAL The author and the authorising officer have no financial,

INTEREST: proximity or impartiality interests in the proposal.

PREVIOUS MEETING Audit and Risk Committee Meeting (Minute No:

REFERENCE: 23/2018) 19 September 2018

Summary

Council adopted its latest iteration of the Shire of Ashburton Corporate Business Plan (CBP) 2018 – 2022 on 18 June 2018.

While formal reporting of progress in relation to the CBP is to occur annually, via the Shire's Annual Report, it was recommended that progress reports are presented to Council on a more regular basis.

The intention is to provide progress reports to Council on a three monthly basis with the first report presented at the 19 September 2018 Audit & Risk Committee Meeting. This is the second status report of the CBP, showing further progress of how we are meeting our Goals and Objectives.

Background

The CBP outlines the strategic and operational objectives to be achieved in the four year period. The CBP demonstrates activities and projects that are fully resourced and have appropriate timelines and performance measures.

This is underpinned by a series of informing strategies and plans which include:

- our 15 year Long-Term Financial Plan;
- our Workforce Plan that is reviewed every four years in conjunction with the CBP;
- our Asset Management Plans for the life cycle of all assets including maintenance and replacement programs;
- Our adopted Annual Budget; and
- Any relevant issue specific strategies and plans for major projects or key developments.

Comment

The Corporate Business Plan identifies five Focus Areas in line with our Strategic Community Plan, as shown below:

- 1. Vibrant and Active Communities;
- 2. Economic Prosperity;
- 3. Unique Heritage and Environment;
- 4. Quality Services and Infrastructure; and
- 5. Inspiring Governance

The attached document is a condensed version of the adopted CBP that reports directly on each project included in the priority areas for the 2018/19 financial year, with commentary on the relevant projects status.

Any projects or priorities not allocated or achieved within this financial year will be the focus of the following annual budget review for the subsequent years of the plan.

Each action links to our Strategic Community Plan and allows us to ensure we are meeting our requirements for the 'Plan for the Future'.

ATTACHMENT 7.3

Consultation

Executive Management Team Manager Governance & Corporate Strategy

Statutory Environment

Local Government Act 1995

Section 5.56. Planning for the Future

- (1) A local government is to plan for the future of the district.
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district

Local Government (Administration) Regulations 1996 Section 19DA Corporate Business Plans, requirements for (Act s 5.56) Section 19DB (5) Corporate Business Plans, requirements for (Act s 5.56).

Financial Implications

All items as per the adopted 2018/19 budget.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027 Multiple Goals and Objectives will be achieved over the course of the financial year.

ATTACHMENT 7.3 references actions linked to the relevant Goal and Objective.

Risk Management

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be 'Moderate' risk that will be managed by policy, procedures and monitoring by Governance and the CEO. There is a level of reputational risk to the organisation in not achieving the proposed projects, this will be closely managed by the Chief Executive Officer, Manager Governance & Corporate Strategy along with the individual responsible owners of each linked project.

Policy Implications

There are no known policy implications for this matter.

Voting Requirement

Simple Majority Required

Officers Recommendation

That with respect to the Corporate Business Plan – Quarterly Progress Report, the Audit and Risk Committee recommend that Council:

- 1. Accept the second quarterly report for the 2018/19 Financial Year of the Shire of Ashburton Corporate Business Plan 2018 -2022; **ATTACHMENT 7.3**; and
- 2. Request the Chief Executive Officer to continue providing Corporate Business Plan Quarterly Progress Reports, with the next meeting to be the 12 March 2019 Audit & Risk Committee.

7.4 OMBUDSMAN WESTERN AUSTRALIA - LOCAL GOVERNMENT COLLECTION OF OVERDUE RATES FOR PEOPLE IN SITUATIONS OF VUNERABILITY - GOOD PRACTICE GUIDANCE

FILE REFERENCE: FM09

AUTHOR'S NAME AND John Bingham

POSITION: Director Corporate Services

AUTHORISING OFFICER AND Rob Paull

POSITION: Chief Executive Officer

NAME OF APPLICANT/

RESPONDENT:

Not Applicable

DATE REPORT WRITTEN: 9 December 2018

DISCLOSURE OF FINANCIAL

INTEREST:

The author and the authorising officer have no financial,

proximity or impartiality interests in the proposal.

PREVIOUS MEETING Not Applicable

REFERENCE:

Summary

Committee is requested to take note of the office of the Ombudsman Western Australia's ("the Ombudsman" Good Practice Guidance for Local governments regarding the collection of overdue rates for people in situations of vulnerability.

Background

The office of the Ombudsman Western Australia has released a Good Practice Guidance (ATTACHMENT 7.4) identifying four principles reflecting contemporary good practice in the collection of overdue rates for people in situations of vulnerability. These principles were identified after the Ombudsman's investigation into relevant legislation and regulatory requirements, a review of relevant literature and analysis of good practice and consultation with local governments.

Comment

Key points from the Ombudsman's report are as follows:

The Good Practice Guidance is designed to assist local governments to:

- Consider their own policies and practice for the collection of rates and overdue rates in respect to people in situations of vulnerability; and
- Identify any aspects of these policies and practices that may present opportunities for improvement to ensure that the process is efficient and effective for local governments and is fair and equitable for all ratepayers, subject to two overarching principles.

- 1. Overdue rates must be paid, nonetheless, fair, reasonable and flexible approaches to payment are beneficial.
- 2. Good Practice Guidance should not impose unreasonable regulatory cost burdens on local governments and should be fit for size and circumstance.

The four principles reflecting contemporary good practice in the collection of overdue rates for people in situations of vulnerability are:

- I. Good Culture a culture of achieving positive outcomes in the collection of overdue rates from people in situations of vulnerability is embedded throughout the organisation and the subject of leadership;
- II. Good Decisions Decisions in respect to overdue rates from people in situations of vulnerability are lawful, reasonable, transparent, result in proportionate outcomes, reflect contemporary practice and are capable of being reviewed;
- III. Good Support Staff are supported in all of their interactions with people in situations of vulnerability; and
- IV. Good Service Accessible and flexible service provision supports the early identification and provision of support to people in situations of vulnerability.

Consultation

Executive Management Team

Statutory Environment

The collection of rates is set out in the following sections of the Local Government Act 1995:

- 6.44. Liability for rates or service charges -
 - (1) The owner for the time being of land on which a rate or service charge has been imposed is liable to pay the rate or service charge to the local government.
- 6.45. Options for payment of rates or service charges -
 - (1) A rate or service charge is ordinarily payable to a local government by a single payment but the person liable for the payment of a rate or service charge may elect to make that payment to a local government, subject to subsection (3), by
 - (a) 4 equal or nearly equal instalments; or
 - (b) such other method of payment by instalments as is set forth in the local Government's annual budget.
 - (3) A local government may impose an additional charge (including an amount by way of interest) where payment of a rate or service charge is made by instalments and that additional charge is, for the purpose of its recovery, taken to be a rate or service charge, as the case requires, that is due and payable.
- 6.49. Agreement as to payment of rates and service charges -

A local government may accept payment of a rate or service charge due and payable by a person in accordance with an agreement made with the person.

Overdue rates are set out on the following sections of the Local Government Act 1995:

- 6.50. Rates or service charges due and payable -
 - (1) Subject to
 - (a) subsections (2) and (3); and
 - (b) any concession granted under section 6.47; and
 - (c) the Rates and Charges (Rebates and Deferments) Act 1992, a rate or service charge becomes due and payable on such date as is determined by the local government.
 - (2) The date determined by a local government under subsection (1) is not to be earlier than 35 days after the date noted on the rate notice as the date the rate notice was issued.
- 6.51. Accrual of interest on overdue rates or service charges
 - (1) A local government may at the time of imposing a rate or service charge resolve* to impose interest (at the rate set in its annual budget) on
 - (a) a rate or service charge (or any instalment of a rate or service charge); and
 - (b) any costs of proceedings to recover any such charge that remains unpaid after becoming due and payable.
 - * Absolute majority required.
 - (2) The rate of interest that may be set by the local government under this section is not to exceed the rate for the time being prescribed as the maximum rate of interest that may be set for the purposes of this section.
 - (3) Accrued interest is, for the purpose of its recovery, taken to be a rate or service charge, as the case requires, that is due and payable.
 - (4) If a person is entitled under the Rates and Charges (Rebates and Deferments)
 Act 1992 or under this Act (if the local government in a particular case so resolves)
 to a rebate or deferment in respect of a rate or service charge
 - (a) no interest is to accrue in respect of that rate or service charge payable by that person; and
 - (b) no additional charge is to be imposed under section 6.45(3) on that person.
 - (5) Regulations may provide for the method of calculation of interest.

 [Section 6.51 amended by No. 1 of 1998 s. 21(1); No. 49 of 2004 s. 62.]

The means of collecting overdue rates is set out in the following sections of the *Local Government Act 1995*:

- 6.60. Local government may require lessee to pay rent -
 - (1) In this section —
 lease includes an agreement whether made orally or in writing for the leasing or subleasing of land and includes a licence or arrangement for the use of land;
 lessor and lessee mean the parties to a lease and their respective successors in title.

- (2) If payment of a rate or service charge imposed in respect of any land is due and payable, notice may be given to the lessee of the land requiring the lessee to pay to the local government any rent as it falls due in satisfaction of the rate or service charge.
- (3) The local government is to give to the lessor a copy of the notice with an endorsement that the original of it has been given to the lessee.
- (4) The local government may recover the amount of the rate or service charge as a debt from the lessee if rent is not paid in accordance with the notice.
- (5) Where an amount is paid under this section to the local government
 - (a) the payment discharges the payer from any liability to any person to pay that amount as rent; and
 - (b) whereas between a lessor and lessee the lessor is liable to pay the rate or service charge, the amount paid may be set off by the lessee against the rent payable to the lessor; and
 - (c) if the amount exceeds the rent due, or if there is no rent due, the amount may be set off by the lessee against accruing rent, or the balance recovered from the lessor in a court of competent jurisdiction.
- (6) To the extent that an agreement purports to preclude a lessee from setting off or recovering payments made to a local government under this section, the agreement is of no effect.

6.56. Rates or service charges recoverable in court -

- (1) If a rate or service charge remains unpaid after it becomes due and payable, the local government may recover it, as well as the costs of proceedings, if any, for that recovery, in a court of competent jurisdiction.
- (2) Rates or service charges due by the same person to the local government may be included in one writ, summons, or other process.
 - [Section 6.56 amended by No. 84 of 2004 s. 80.]

6.64. Actions to be taken

- (1) If any rates or service charges which are due to a local government in respect of any rateable land have been unpaid for at least 3 years the local government may, in accordance with the appropriate provisions of this Subdivision take possession of the land and hold the land as against a person having an estate or interest in the land and
 - (a) from time to time lease the land; or
 - (b) sell the land; or
 - (c) cause the land to be transferred to the Crown; or
 - (d) cause the land to be transferred to itself.
- (2) On taking possession of any land under this section, the local government is to give to the owner of the land such notification as is prescribed and then to affix on a conspicuous part of the land a notice, in the form or substantially in the form prescribed.

(3) Where payment of rates or service charges imposed in respect of any land is in arrears the local government has an interest in the land in respect of which it may lodge a caveat to preclude dealings in respect of the land, and may withdraw caveats so lodged by it

6.12. Power to defer, grant discounts, waive or write off debts

- (1) Subject to subsection (2) and any other written law, a local government may
 - (a) when adopting the annual budget, grant* a discount or other incentive for the early payment of any amount of money; or
 - (b) waive or grant concessions in relation to any amount of money; or
 - (c) write off any amount of money, which is owed to the local government.
 - * Absolute majority required.
- (2) Subsection (1)(a) and (b) do not apply to an amount of money owing in respect of rates and service charges.
- (3) The grant of a concession under subsection (1)(b) may be subject to any conditions determined by the local government.
- (4) Regulations may prescribe circumstances in which a local government is not to exercise a power under subsection (1) or regulate the exercise of that power.

 [Section 6.12 amended by No. 64 of 1998 s. 39.]

Financial Implications

There are no direct financial implications to this item.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027 Goal 4 – Quality Services and Partnerships Objective 01 – Quality public infrastructure

Risk Management

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Low" and can be managed by routine procedures, and is unlikely to need specific application of resources.

Policy Implications

There are no known policy implications for this matter.

Voting Requirement

Simple Majority Required

Officers Recommendation

That with respect to the office of the Ombudsman Western Australia's Good Practice Guidance for Local governments regarding the collection of overdue rates for people in situations of vulnerability that Committee recommend Council note the Good Practice Guidance and **ATTACHMENT 7.4.**

8. CONFIDENTIAL MATTERS

Under the Local Government Act 1995, Part 5, and Section 5.23, states in part:

- 1. If a meeting is being held by a Council or by a committee referred to in subsection (1)(b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following:
 - (a) a matter affecting an employee or employees;
 - (b) the personal affairs of any person;
 - (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;
 - (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting:
 - (e) a matter that if disclosed, would reveal:
 - (I) a trade secret;
 - (II) information that has a commercial value to a person; or
 - (III) information about the business, professional, commercial or financial affairs of a person,

Where the trade secret or information is held by, or is about, a person other than the local government.

- (f) a matter that if disclosed, could be reasonably expected to:
 - Impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;
 - (II) Endanger the security of the local government's property; or
 - (III) Prejudice the maintenance or enforcement of any lawful measure for protecting public safety;
- (g) information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1981; and
- (h) such other matters as may be prescribed.

8.1 **CONFIDENTIAL ITEM - UPDATE ON WITTENOOM LITIGATION**

LS34 FILE REFERENCE:

AUTHOR'S NAME AND Keith Pearson

POSITION: Special Projects Advisor

> Janyce Smith **Executive Officer**

AUTHORISING OFFICER AND

POSITION:

Rob Paull

Chief Executive Officer

NAME OF APPLICANT/

RESPONDENT:

Not Applicable

DATE REPORT WRITTEN: 3 December 2018

INTEREST:

DISCLOSURE OF FINANCIAL The authors and the authorising officer have no financial

proximity or impartiality interests in the proposal.

PREVIOUS MEETING Confidential Agenda Item 8.1 (Minute No. 17/2018) -

REFERENCE: Audit and Risk Committee Meeting 19 June 2018

REASON FOR CONFIDENTIALITY

The Chief Executive Officer's Report is confidential in accordance with s5.23 (2) the Local Government Act 1995 because it deals with matters affecting s5.23 (2):

- the personal affairs of any person; (b)
- legal advice obtained, or which may be obtained, by the local government and which (d) relates to a matter to be discussed at the meeting.

Voting Requirement

Absolute Majority Required

Officers Recommendation

That with respect to the Confidential Item – Update on Wittenoom Litigation and Appointment of Delegate on the Wittenoom Steering Committee, the Audit and Risk Committee recommend that Council:

- 1. Receive the Confidential Item Update on Wittencom Litigation report and remain confidential in accordance s5.23 (2)(b) & (d) of the Local Government Act 1995;
- 2. In the case of Lee -v- CSR Limited & Ors, authorise the Chief Executive Officer in consultation with the President to accept a claim to a value greater than that provided in delegation DA04-1 WITTENOOM CLAIMS – LEGAL provided that the portion not greater than percent of the claim defined in DA04-1.
- 3. Ensure that the Shire management continue to provide Wittenoom Litigation Progress Reports to the Audit and Risk Committee.

9. **NEXT MEETING**

The next Audit and Risk Committee Meeting will be held on Tuesday 12 March 2019 at the Council Chambers, Onslow Shire Complex, Second Avenue Onslow, at a time to be advised.

10. CLOSURE OF MEETING

The Presiding Member closed the meeting at _____ am.



SHIRE OF ASHBURTON AUDIT AND RISK COMMITTEE MEETING

MINUTES

Clem Thompson Sports Pavilion, Stadium Road, Tom Price
23 October 2018
9.45 am

SHIRE OF ASHBURTON AUDIT AND RISK COMMITTEE MEETING

The Chief Executive Officer recommends the end and Risk Committee Meeting.	lorsement of these minutes at the next Audit
CEO: Jamba	Date: 23 10 2018
These minutes were confirmed by the Committee of the Audit and Risk Committee Meeting held on	
Presiding Member:	Date://2018

DISCLAIMER

The recommendations contained in the Agenda are subject to confirmation by the Committee and endorsement by the Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.

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1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 9.51 am.

1.1 ACKNOWLEDGEMENT OF COUNTRY

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and all their elders both past and present.

2. ATTENDANCE

2.1 PRESENT

Members:	Cr P Foster	Tom Price Ward (Presiding Member)
	Cr K White	Onslow Ward
	Cr D Dias	Paraburdoo Ward
	Cr M Lynch	Tom Price Ward
Staff:	Mr R Paull	Chief Executive Officer
	Mr J Bingham	Director Corporate Services
	Ms J Smith	Executive Coordinator
	Mrs N Tyson	Manager Governance & Corporate Strategy
	Mrs M Lewis	Council Support Officer
Guests:	Nil	
Members	There were no r	members of the public in attendance at the
of Public:	commencement of the meeting.	
Members	There were no members of the media in attendance at the	
of Media:	commencement of the meeting.	

2.2 APOLOGIES

There were no apologies for this meeting.

2.3 APPROVED LEAVE OF ABSENCE

There were no Councillors on approved leave of absence.

3. ANNOUNCEMENT OF VISITORS

There were no visitors in attendance.

4. DECLARATION BY MEMBERS

4.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA

Councillors Foster, White, Dias and Lynch noted that they had given due consideration to all matters contained in the Agenda presently before the meeting.

4.2 DECLARATIONS OF INTEREST

Councillors to Note

A member who has an Impartiality, Proximity or Financial Interest in any matter to be discussed at a Council or Committee Meeting, that will be attended by the member, must disclose the nature of the interest:

(a) In a written notice given to the Chief Executive Officer before the Meeting

or;

(b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (a) Preside at the part of the Meeting, relating to the matter or;
- (b) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the Local Government Act 1995.

NOTES ON DECLARING INTERESTS (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have an interest in a matter.

These notes are included in each agenda for the time being so that Councillors may refresh their memory.

- A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the Local Government Act 1995 but they should not be relied on without advice, unless the situation is very clear.
- 2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
- 3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
- 4. If in doubt declare.
- 5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
- 6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
- 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the Local Government Act; or
- 6.2 Where the Minister allows the Councillor to participate under s.5.69(3) of the *Local Government Act*, with or without conditions.

Declarations of Interest provided:

There were no Declarations of Interest provided for this agenda.

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

5.1 AUDIT AND RISK COMMITTEE MEETING HELD ON 19 SEPTEMBER 2018

Committee Decision

MOVED: Cr D Dias SECONDED: Cr K White

That the Minutes of the Audit and Risk Committee Meeting held on 19 September 2018, be confirmed as a true and accurate record. (ATTACHMENT 5.1).

CARRIED 4/0

Councillor Foster, White, Dias and Lynch voted for the motion

6. TERMS OF REFERENCE

Under the *Local Government Act 1995*, Local Governments are required to appoint an Audit Committee (section 7.1A of the *Local Government Act 1995*).

An Audit and Risk Committee is to provide guidance and assistance to the Local Government – as to the carrying out of its functions in relation to audits carried out under Part 7 of the *Act* and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under Part 6 of the *Act* and the carrying out of its functions relating to other audits and other matters related to financial management (clause 16 Local Government (audit) Regulations 1996).

7. AGENDA ITEMS

7.1 WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT - LOCAL GOVERNMENT PROCUREMENT - OCTOBER 2018/19

MINUTE: 28/2018

FILE REFERENCE: CM02.16

AUTHOR'S NAME AND John Bingham

POSITION: Director Corporate Services

AUTHORISING OFFICER AND Rob Paull

POSITION: Chief Executive Officer

NAME OF APPLICANT/ Not Applicable

RESPONDENT:

DATE REPORT WRITTEN: 16 October 2018

DISCLOSURE OF FINANCIAL The author and the authorising officer have no financial,

INTEREST: proximity or impartiality interests in the proposal.

PREVIOUS MEETING Not Applicable

REFERENCE:

Summarv

Committee is requested to note the Western Australian Auditor General's Report - Local Government Procurement - October 2018/19 that was tabled in State Parliament on 11 October 2018.

Background

In early October 2018, the Office of Auditor General (OAG) tabled a report on *Local Government Procurement* in Parliament (**ATTACHMENT 7.1**). The report details the findings of a performance audit involving eight local governments (LG's). OAG performance audits are now mandated by Parliament in the *Local Government Amendment (Auditing) Act 2017*.

Comment

The objective of this particular performance audit was to assess the effectiveness of procurement arrangements. Overall each of the LG's were compliant however shortcomings were found in the following areas:

Weak procurement controls, processes and documentation for:

- Tendering;
- Purchase orders and approvals; and
- Reviewing invoices and payments.

To address these stronger internal controls, policy review and implementation, process improvement and regular training are recommended by the Auditor General. In relation to the Shire of Ashburton, over the last six to twelve months Shire Officers have highlighted the same areas of shortcoming when it comes to procurement.

In that time staff have responded by reviewing Council policy (including Delegations authority), improving processes (new requisition system implemented) and enhanced internal controls (new procedures via a Finance Manual).

Consultation

All Councillors

Executive Management Team

Statutory Environment

On 28 October 2017, the *Local Government Amendment (Auditing) Act 2017* was proclaimed, giving the Auditor General the mandate to audit Western Australia's 139 local governments and 9 regional councils.

Financial Implications

There are no direct financial implications to this item however the OAG *Local Government Procurement* report identifies significant impacts associated with local government finances now and into the future.

Strategic Implications

Shire of Ashburton 10 year Community Strategic Plan 2017 - 2027

Goal 5 - Inspiring Governance

Objective 3 - Council Leadership

Objective 4 – Exemplary Team and Work Environment

Risk Management

This item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Low".

Policy Implications

ELM10	Financial Sustainability Policy
ELM11	Integrated Planning Policy
FIN06	Significant Accounting Policy
FINIOZ	Large Corner (Deller)

FIN07 Investment Policy

FIN09 Authorised Signatures for Cheque/Electronic Funds Transfer (EFT) Payments

FIN12 Purchasing Policy

FIN13 Debtors Management – General FIN15 Rates Debt Recovery Policy FIN20 Related Party Disclosures

FIN21 Rating

Voting Requirement

Simple Majority Required

Officer Recommendation and Committee Decision

MOVED: Cr K White SECONDED: Cr D Dias

That with respect to the Western Australian Auditor General's Report – Local Government Procurement – October 2018/19 that Committee note the Report included as ATTACHMENT 7.1.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

8. CONFIDENTIAL MATTERS

Under the Local Government Act 1995, Part 5, and Section 5.23, states in part:

- (2) If a meeting is being held by a Council or by a committee referred to in subsection (1)(b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following:
 - (a) a matter affecting an employee or employees;
 - (b) the personal affairs of any person;
 - (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting:
 - (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting:
 - (e) a matter that if disclosed, would reveal:
 - (I) a trade secret;
 - (II) information that has a commercial value to a person; or
 - (III) information about the business, professional, commercial or financial affairs of a person,

Where the trade secret or information is held by, or is about, a person other than the local government.

- (f) a matter that if disclosed, could be reasonably expected to:
 - (I) Impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;
 - (II) Endanger the security of the local government's property; or
 - (III) Prejudice the maintenance or enforcement of any lawful measure for protecting public safety;
 - (g) information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1981; and
 - (h) such other matters as may be prescribed.

Committee Decision

MOVED: Cr M LYNCH SECONDED: Cr K White

That Council close the meeting to the public at 9.56am pursuant to sub section 5.23 (2) (b) and (d) of the *Local Government Act 1995.*

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

Ms Janyce Smith and Mrs Michelle Lewis left the room at 10.10 am due to Confidential Item 8.2. Minutes were taken by Mr Rob Paull when staff left the room.

8.1 CONFIDENTIAL ITEM - STATUS OF ROEBOURNE - WITTENOOM ROAD

MINUTE: 29/2018

FILE REFERENCE: RD.0299

AUTHOR'S NAME AND Keith Pearson

POSITION: Special Projects Advisor

AUTHORISING OFFICER AND Rob Paull

POSITION: Chief Executive Officer

NAME OF APPLICANT/

RESPONDENT:

Not Applicable

DATE REPORT WRITTEN: 10 October 2018

DISCLOSURE OF FINANCIAL

INTEREST:

The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.

PREVIOUS MEETING Not Applicable

REFERENCE:

REASON FOR CONFIDENTIALITY

The Chief Executive Officer's Report is confidential in accordance with s5.23 (2) the Local Government Act 1995 because it deals with matters affecting s5.23 (2):

(d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting.

Voting Requirement

Simple Majority Required

Officer Recommendation and Committee Decision

MOVED: Cr K White SECONDED: Cr M Lynch

That with respect to Confidential Item – Status of Roebourne – Wittenoom Road, that the Audit and Risk Committee note the Report.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

8.2 CONFIDENTIAL ITEM - GOVERNANCE AND ADMINISTRATION REVIEW

MINUTE: 30/2018

FILE REFERENCE: GV32

AUTHOR'S NAME AND Nicky Tyson

POSITION: Manager Governance & Corporate Strategy

AUTHORISING OFFICER AND Rob Paull

POSITION: Chief Executive Officer

NAME OF APPLICANT/

RESPONDENT:

Not Applicable

DATE REPORT WRITTEN: 10 October 2018

DISCLOSURE OF FINANCIAL The author and the authorising officer have no financial,

INTEREST: proximity or impartiality interests in the proposal.

PREVIOUS MEETING 15 December 2017 - Audit and Risk Committee

REFERENCE: Meeting

REASON FOR CONFIDENTIALITY

The Chief Executive Officer's Report is confidential in accordance with s5.23 (2) the Local Government Act 1995 because it deals with matters affecting s5.23 (2):

- (b) the personal affairs of any person;
- (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting.

Voting Requirement

Simple Majority Required

Committee Decision

MOVED: Cr M Lynch SECONDED: Cr K White

That Council suspend Standing Orders at 10.10 am.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

MINUTES - AUDIT AND RISK COMMITTEE MEETING 23 OCTOBER 2018

Committee Decision

MOVED: Cr M Lynch SECONDED: Cr K White

That Council reinstate Standing Orders at 10.38 am.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

Officer Recommendation

That the Audit and Risk Committee with respect to the Governance and Administration Review recommend Council to:

- 1. Receive the Governance and Administration Review undertaken by Ron Back and Associates as provided in CONFIDENTIAL ATTACHMENT 8.2A and 8.2B and remain confidential in accordance s5.23 (2)(b) & (d) of the *Local Government Act 1995*; and
- 2. Request the Chief Executive Officer to use all reasonable endeavors to continue to improve and implement good governance and better practice throughout the organisation.
- 3. The Shire of Ashburton has commissioned this review to consider a number of items, particularly surrounding procurement. In addition, a number of issues that have arisen in recent years that have relevance into the future.

"In January 2018 the Council appointed Mr Rob Paull as the Chief Executive Officer. The current administration has made a rapid and constructive change to a number of processes and policies to date. These have been in response to issues raised over Shire practices in the past. The review team were aware of a sense of purpose and energy in the way staff are addressing issues for the better of the organisation. Whilst some knowledge can be gained from a retrospective look at the past it is important to focus on perfecting processes that will take the organisation into the future.

Some of the items addressed in this report relate to past events the review team gain an appreciation, from the staff we had contact with, that they are keen to build future process in a constructive way.

Positive steps have been taken in centralising procurement that are showing the benefits in these processes. The change from directorate-initiated procurement to a centralised process will minimise the risk of repeating errors of the past.

Overall, the review team found a positive approach to improving processes and utilising best practice. Many matters considered by the review team found the Shire to be compliant."

MINUTES - AUDIT AND RISK COMMITTEE MEETING 23 OCTOBER 2018

Alternate Recommendation

MOVED: Cr K White SECONDED: Cr M Lynch

That the Audit and Risk Committee with respect to the Governance and Administration Review recommend that Council:

- Receive the Governance and Administration Review undertaken by Ron Back and Associates as provided in CONFIDENTIAL ATTACHMENT 8.2A and 8.2B and remain confidential in accordance s5.23 (2)(b) & (d) of the Local Government Act 1995; and
- Request the Chief Executive Officer to use all reasonable endeavors to continue to improve and implement good governance and better practice throughout the organisation including an action plan addressing the focus areas in Appendix 1 of the Western Australian Auditor General's Report – Local Government Procurement – October 2018/19.
- 3. Receive the report commissioned to review a number of items, particularly surrounding procurement. In addition, a number of issues raised in recent years that have relevance into the future and note the consultant's comments below:

"In January 2018 the Council appointed Mr Rob Paull as the Chief Executive Officer. The current administration has made a rapid and constructive change to a number of processes and policies to date. These have been in response to issues raised over Shire practices in the past. The review team were aware of a sense of purpose and energy in the way staff are addressing issues for the better of the organisation. Whilst some knowledge can be gained from a retrospective look at the past it is important to focus on perfecting processes that will take the organisation into the future.

Some of the items addressed in this report relate to past events the review team gain an appreciation, from the staff we had contact with, that they are keen to build future process in a constructive way.

Positive steps have been taken in centralising procurement that are showing the benefits in these processes. The change from directorate-initiated procurement to a centralised process will minimise the risk of repeating errors of the past.

Overall, the review team found a positive approach to improving processes and utilising best practice. Many matters considered by the review team found the Shire to be compliant."

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

Reason for change: Ensure an ongoing response with respect to good financial control and governance.

MINUTES - AUDIT AND RISK COMMITTEE MEETING 23 OCTOBER 2018

Committee Decision

MOVED: Cr K White SECONDED: Cr D Dias

That Council re-open the meeting to the public at 10.37.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

Ms Janyce Smith and Mrs Michelle Lewis re-entered the room at 10.37.am.

9. **NEXT MEETING**

The next Audit and Risk Committee Meeting will be held on 18 December 2018 at a time to be determined.

10. CLOSURE OF MEETING

The Presiding Member closed the meeting at 10.38 am.

Level 15, Exchange Tower, 2 The Esplanade, Perth, WA 6000 PO Box 5785, St Georges Terrace, WA 6831

> T +61 (0)8 9225 5355 F +61 (0)8 9225 6181

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF ASHBURTON

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of the Shire of Ashburton (the Shire), which comprises the Statement of Financial Position as at 30 June 2018, Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and the Rate Setting Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Ashburton

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the 'Code') that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF ASHBURTON (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives of the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that
 are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness
 of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF ASHBURTON (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) All required information and explanations were obtained by us.
- b) All audit procedures were satisfactorily completed in conducting our audit.
- c) In my opinion, the asset consumption ratio and asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the annual financial report of the Shire of Ashburton for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Date: 10 December 2018

Perth, WA

WEN-SHIEN CHA PARTNER

Level 15, Exchange Tower, 2 The Esplanade, Perth, WA 6000 PO Box 5785, St Georges Terrace, WA 6831

> T +61 (0)8 9225 5355 F +61 (0)8 9225 6181

www.moorestephens.com.au

10 December 2018

Cr K White
The Shire President
Shire of Ashburton
PO Box 567
TOM PRICE WA 6751

Dear Cr White

MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018

We advise that we have completed our audit procedures for the year ended 30 June 2018.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We noted the following matters concerning the Shire's ratios we wish to draw to your attention:

ASSET SUSTAINABILITY RATIO

This ratio expresses capital expenditure on renewal and replacement of existing assets as a percentage of depreciation costs. It is used to identify any potential decline or improvement in asset conditions. A percentage of less than 100% on an ongoing basis indicates assets may be deteriorating at a greater rate than spending on renewal or replacement.

This ratio has significantly deteriorated from the last year, has been trending downwards over the longer term and is below the Department of Local Government, Sport and Cultural Industries target level of 0.90 since 2016.

Our analysis of this ratio over the longer term noted the deterioration was due to:

- The decrease in the capital renewal expenditures over the years; and
- The higher depreciation expense for the year since 2016.

To help the Shire maintain its assets base more effectively and improve this ratio in the future, we urge the management and Council to consider implementing plans:

- a) To ensure a more consistent spending on renewal or replacement of existing assets in line with the Shire's Assets Management Plans; and
- b) To review the Total Useful Life (TUL) and remaining Useful Life (RUL) assessments on individual assets, especially roads following a revaluation which has resulted in a lower depreciable asset base. This would allow the Shire to determine the appropriate level of depreciation for asset renewal and replacement purposes.

SUMMARY

As detailed above, the asset sustainability ratio is below the accepted industry benchmark. Given the relative strength of the other ratios and the Shire's balance sheet, a lower ratio may be acceptable in the short term provided other measure/strategies are maximised. Notwithstanding this, a number of ratios appear to be trending downwards over the longer term and this should be carefully considered moving forward to avoid the development of an adverse trend.

We would like to take this opportunity to stress one off assessments of ratios at a particular point in time can only provide a snapshot of the financial position and operating situation of the Shire. As is the case with all ratios and indicators, their interpretation is much improved if they are calculated as an average over time with the relevant trends being considered.

We noted no other matters we wish to draw to your attention.

UNCORRECTED MISSTATEMENTS

We advise there were no uncorrected misstatements noted during the course of the audit.

We take this opportunity to thank the Shire for their assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully

Wen-Shien Chai

Partner

Moore Stephens

Encl.

SHIRE OF ASHBURTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION We will embrace our unique Pilbara environment and lifestyle through the development of vibrant, connected and active communities that have access to quality services, exceptional amenities and economic vitality.	

Principal place of business: Lot 246 Poinciana Street

Tom Price WA 6751

SHIRE OF ASHBURTON FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

Local Government Act 1995 Local Government (Financial Management) Regulations 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Ashburton for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Ashburton at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

Rob Paull

Chief Executive Oficer

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE FOR THE YEAR ENDED 30TH JUNE 2018

		2018	2018	2017
	NOTE	Actual	Budget	Actual
Barrana		\$	\$	\$
Revenue	0.4(=)	00 404 440	04.000.504	05 500 004
Rates	24(a)	33,401,118	34,336,561	25,586,931
Operating grants, subsidies and contributions	2(a)	7,592,795	5,687,866	10,806,886
Fees and charges	2(a)	12,031,013	12,611,777	13,940,570
Service charges	24(b)	212,716	221,222	0
Interest earnings	2(a)	1,251,796	1,059,211	531,182
Other revenue	2(a)	2,933,371	492,897	407,946
		57,422,809	54,409,534	51,273,515
Expenses		(47 400 000)	(1= 00 1 == 1)	(4= 440 00=)
Employee costs		(17,109,093)	(17,684,754)	(17,416,207)
Materials and contracts		(14,280,602)	(16,666,778)	(13,893,475)
Utility charges	- 4. \	(1,414,481)	(1,334,836)	(763,526)
Depreciation on non-current assets	9(b)	(14,158,449)	(14,973,551)	(14,143,661)
Interest expenses	2(b)	(234,749)	(215,082)	(249,163)
Insurance expenses		(1,331,286)	(1,394,606)	(1,367,536)
Other expenditure		(279,445)	(743,494)	(1,148,649)
		(48,808,105)	(53,013,101)	(48,982,217)
		8,614,704	1,396,433	2,291,298
Non-operating grants, subsidies and contributions	2(a)	4,642,960	41,655,185	12,905,832
Profit on asset disposals	9(a)	1,214	2,000,000	70,730
(Loss) on asset disposals	9(a)	(86,394)	(130,319)	(2,575,951)
(Loss) on revaluation of Infrastructure - Parks &	()	,	, ,	,
Recreation	8(b)	(2,784,437)	0	0
(Loss) on revaluation of Infrastructure - Towns	8(b)	(991,872)	0	0
Reversal of prior year loss on revaluation of	- 4. \		_	_
Infrastructure - Waste	8(b)	101,376	0	0
Net result		9,497,551	44,921,299	12,691,909
Other comprehensive income				
Items that will not be reclassified subsequently to prof	fit or loss			
Changes on revaluation of non-current assets	10	(128,153,890)	0	(15,323,375)
•	-	, , , , , , , , , , , , , , , , , , , ,	-	(,,)
Total other comprehensive income		(128,153,890)	0	(15,323,375)
Total comprehensive income		(118,656,339)	44,921,299	(2,631,466)
		(, ,)	,,=-0	(=,00.,100)

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
Revenue				
Governance		2,077,986	673,908	460,486
General purpose funding		38,752,096	37,435,731	32,940,906
Law, order, public safety		131,909	137,854	129,454
Health		207,746	214,678	216,700
Education and welfare Housing		238,006 350,602	238,939 412,320	206,563 395,093
Community amenities		3,418,122	3,914,470	3,242,367
Recreation and culture		1,284,031	979,174	1,560,472
Transport		9,160,872	8,500,014	9,515,177
Economic services		1,556,633	1,659,505	2,404,119
Other property and services		244,806	242,941	202,178
Carer property and convices		57,422,809	54,409,534	51,273,515
		.,,	.,,,	- 1,- 1 - 1,- 1 -
Expenses				
Governance		(6,907,031)	(7,533,966)	(7,051,729)
General purpose funding		(149,225)	(200,300)	(67,566)
Law, order, public safety		(863,134)	(902,945)	(792,918)
Health		(620,211)	(744,987)	(787,770)
Education and welfare		(457,442)	(421,673)	(368,969)
Housing		(960,704)	(882,086)	(1,260,477)
Community amenities		(7,319,186)	(8,715,570)	(7,593,620)
Recreation and culture		(9,827,149)	(11,700,873)	(9,211,297)
Transport		(14,280,286)	(15,753,589)	(15,248,179)
Economic services		(4,613,453)	(2,747,124)	(4,487,177)
Other property and services		(2,575,535)	(3,194,906)	(1,863,352)
		(48,573,356)	(52,798,019)	(48,733,054)
Finance Costs	0/h)			
Finance Costs	2(b)	(27.202)	(25,156)	(2.540)
Governance		(27,202)	, ,	(2,548)
Housing Community amenities		(99,367) (91,070)	(88,521) (78,925)	(117,071) (104,949)
Recreation and culture		(5,813)	(5,223)	(7,975)
Transport		(11,297)	(17,257)	(16,620)
Transport		(234,749)	(215,082)	(249,163)
		8,614,704	1,396,433	2,291,298
Non-operating grants, subsidies and		2,2 : 1,1 2 :	1,000,100	_,,
contributions	2(2)	4,642,960	41,655,185	12,905,832
Profit on disposal of assets	2(a) 9(a)	4,642,960 1,214	2,000,000	70,730
(Loss) on disposal of assets	9(a)	(86,394)	(130,319)	(2,575,951)
•	3(a)	(00,094)	(130,319)	(2,373,931)
(Loss) on revaluation of Infrastructure - Parks & Recreation	0/b\	(0.704.407)	0	0
(Loss) on revaluation of Infrastructure - Towns	8(b) 8(b)	(2,784,437)	0	0
	O(D)	(991,872)	0	0
Reversal of prior year loss on revaluation of				
Infrastructure - Waste	8(b)	101,376	0	0
		882,847	43,524,866	10,400,611
Material		0.407.554	44.004.000	40.004.000
Net result		9,497,551	44,921,299	12,691,909
Other comprehensive income				
Items that will not be reclassified subsequently to pro	fit or loss			
Changes on revaluation of non-current assets	1033	(128,153,890)	0	(15,323,375)
changes on revaluation of non outlont deserts	10	(123,100,000)	J	(10,020,010)
Total other comprehensive income		(128,153,890)	0	(15,323,375)
•				
Total comprehensive income	_	(118,656,339)	44,921,299	(2,631,466)

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	50,920,344	44,428,941
Trade and other receivables	5	4,485,772	7,051,798
Inventories	6	694,973	682,772
TOTAL CURRENT ASSETS		56,101,089	52,163,511
NON-CURRENT ASSETS			
Inventories	6	486,028	486,028
Property, plant and equipment	7	104,640,159	98,443,172
Infrastructure	8	416,085,436	546,704,479
TOTAL NON-CURRENT ASSETS		521,211,623	645,633,679
TOTAL ASSETS		577,312,712	697,797,190
CURRENT LIABILITIES			
Trade and other payables	11	2,621,483	3,871,021
Current portion of long term borrowings	12(a)	752,680	719,190
Provisions	13	1,428,251	1,348,326
TOTAL CURRENT LIABILITIES		4,802,414	5,938,537
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	3,813,398	4,566,078
Provisions	13	364,843	304,179
TOTAL NON-CURRENT LIABILITIES		4,178,241	4,870,257
TOTAL LIABILITIES		8,980,655	10,808,794
NET ASSETS		568,332,057	686,988,396
EQUITY			
Retained surplus		219,287,940	215,419,958
Reserves - cash backed	4	41,377,381	35,747,812
Revaluation surplus	10	307,666,736	435,820,626
TOTAL EQUITY		568,332,057	686,988,396

			RESERVES -		
		RETAINED	CASH	REVALUATION	TOTAL
	NOTE	SURPLUS	BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		210,195,906	28,279,955	451,144,001	689,619,862
Comprehensive income Net result		12,691,909	0	0	12,691,909
Changes on revaluation of assets	10	0	0	(15,323,375)	(15,323,375)
Total comprehensive income		12,691,909	0	(15,323,375)	(2,631,466)
Transfers from/(to) reserves		(7,467,857)	7,467,857	0	0
Balance as at 30 June 2017		215,419,958	35,747,812	435,820,626	686,988,396
Comprehensive income Net result		9,497,551	0	0	9,497,551
Changes on revaluation of assets	10	0	0	(128,153,890)	(128,153,890)
Total comprehensive income		9,497,551	0	(128,153,890)	(118,656,339)
Transfers from/(to) reserves		(5,629,569)	5,629,569	0	0
Balance as at 30 June 2018		219,287,940	41,377,381	307,666,736	568,332,057

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
CASH FLOWS FROM OPERATING ACTIVITIES	HOTE	\$	\$	\$
Receipts		•	•	•
Rates		33,984,237	34,386,561	25,541,031
Operating grants, subsidies and contributions		9,864,184	5,919,351	10,275,320
Fees and charges		12,031,013	13,178,279	12,894,843
Service charges		212,716	221,222	0
Interest earnings		1,251,796	1,059,211	531,182
Goods and services tax		3,291,906	2,401,928	4,017,228
Other revenue		2,933,371	492,897	407,946
		63,569,223	57,659,449	53,667,550
Payments				
Employee costs		(17,016,344)	(17,144,754)	(17,432,377)
Materials and contracts		(15,362,787)	(15,512,956)	(16,138,030)
Utility charges		(1,414,481)	(1,334,836)	(763,526)
Interest expenses		(238,616)	(215,082)	(251,798)
Insurance expenses		(1,331,286)	(1,394,606)	(1,367,536)
Goods and services tax		(3,694,442)	(2,274,460)	(3,636,054)
Other expenditure		(279,445)	(995,494)	(1,148,649)
		(39,337,401)	(38,872,188)	(40,737,970)
Net cash provided by (used in)				
operating activities	14	24,231,822	18,787,261	12,929,580
CACH ELONG EDOM INIVESTINO ACTIVITIES				
CASH FLOWS FROM INVESTING ACTIVITIES Downerts for development of				
Payments for development of Land held for resale		(12.702)	(375,000)	(43,232)
Payments for purchase of		(13,793)	(375,000)	(43,232)
property, plant & equipment		(5,990,990)	(22,822,225)	(6,816,317)
Payments for construction of		(5,550,550)	(22,022,223)	(0,010,317)
infrastructure		(16,116,911)	(47,221,174)	(12,417,937)
Non-operating grants,		(10,110,011)	(17,221,171)	(12,117,007)
subsidies and contributions		4,642,960	41,655,185	12,905,832
Proceeds from sale of fixed assets		457,505	2,539,000	832,434
Net cash provided by (used in)		,	_,,,,,,,,	332, 131
investment activities		(17,021,229)	(26,224,214)	(5,539,220)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(719,190)	(719,190)	(708,807)
Proceeds from new long term borrowings		0	2,100,000	770,000
Net cash provided by (used In)				
financing activities		(719,190)	1,380,810	61,193
Net increase (decrease) in cash held		6,491,403	(6,056,143)	7,451,553
Cash at beginning of year		44,428,941	44,428,963	36,977,388
Cash and cash equivalents				
at the end of the year	14	50,920,344	38,372,820	44,428,941

RATE SETTING STATEMENT FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at July 1 b/fwd - surplus / (deficit)		12,544,678	11,795,343	8,380,952
		12,544,678	11,795,343	8,380,952
Revenue from operating activities (excluding rates)				
Governance		2,077,986	673,908	460,486
General purpose funding		4,709,432	3,086,216	7,269,873
Law, order, public safety		131,909	137,854	129,454
Health		207,746	214,678	216,700
Education and welfare		238,006	238,939	206,563
Housing		350,602	412,320	395,093
Community amenities		3,418,122	3,914,470	3,242,367
Recreation and culture		1,284,031	979,174	1,560,472
Transport		9,162,086	8,500,014	9,585,907
Economic services		1,556,633	3,659,505	2,404,119
Other property and services		244,806	242,941	202,178
Even diture from exercises activities		23,381,359	22,060,019	25,673,212
Expenditure from operating activities Governance		(0.004.000)	(7.550.400)	(= 444 040)
Governance General purpose funding		(6,934,233)	(7,559,122)	(7,141,640)
Law, order, public safety		(149,225)	(200,300)	(67,566)
Health		(863,134)	(902,945)	(797,895)
Education and welfare		(620,211)	(744,987)	(787,770)
Housing		(457,442) (1,060,071)	(421,673) (970,607)	(368,969) (1,504,084)
Community amenities		(7,410,256)	(8,794,495)	(7,854,860)
Recreation and culture		(9,832,962)	(11,706,096)	(9,396,706)
Transport		(14,377,977)	(15,901,165)	(16,047,367)
Economic services		(4,613,453)	(2,747,124)	(4,791,314)
Other property and services		(6,250,468)	(3,194,906)	(2,799,997)
		(52,569,432)	(53,143,420)	(51,558,168)
Operating activities excluded	2()			
(Profit) on disposal of assets	9(a)	(1,214)	(2,000,000)	(70,730)
Loss on disposal of assets	9(a)	86,394	130,319	2,575,951
Loss on revaluation of fixed assets	8(b)	3,776,309	0	0
(Reversal) of prior year loss on revaluation of fixed assets Other Movements		(101,376)	0	0
Movement in Land held for resale		93,718	0	0 546.703
Movement in employee benefit provisions (non-current)		0 60,664	0	546,793 127,858
Depreciation and amortisation on assets	9(b)	14,158,449	14,973,551	14,143,661
Amount attributable to operating activities	0(0)	1,429,549	(6,184,188)	(180,471)
		, ,	(, , , ,	, , ,
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	0(-)	4,642,960	41,655,185	12,905,832
Proceeds from disposal of assets	9(a)	457,505	2,539,000	832,434
Purchase of land held for resale Purchase of property, plant and equipment	7(b)	(13,793)	(375,000)	(43,232)
Purchase and construction of infrastructure	8(b)	(5,990,990)	(22,822,225)	(6,816,317) (12,417,937)
Amount attributable to investing activities	O(D)	(16,116,911) (17,021,229)	(47,221,174) (26,224,214)	(5,539,220)
-		(17,021,223)	(20,224,214)	(3,333,220)
FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(719,190)	(719,190)	(708,807)
Proceeds from new long term borrowings	12(b)	0	2,100,000	770,000
Transfers to reserves (restricted assets)	4 4	(20,785,469)	(18,036,606)	(11,672,419)
Transfers from reserves (restricted assets) Amount attributable to financing activities	4	15,155,900	16,214,684	4,204,562
Amount attributable to illianding activities		(6,348,759)	(441,112)	(7,406,664)
Surplus(deficiency) before general rates		(21,940,439)	(32,849,514)	(13,126,355)
Total amount raised from general rates	24	34,042,664	34,349,515	25,671,033
Net current assets at June 30 c/fwd - surplus/(deficit)	25	12,102,225	1,500,000	12,544,678
			· ,	. , -

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the Local Government Act 1995 and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

The Local Government (Financial Management Regulations 1996) take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, race course or any other sporting or recreational facility of State or regional significance. Consequently some assets, including land under roads acquired on or after 1 July 2008 have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

Except for cash flow and rate setting information, the report 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.

CRITICAL ACCOUNTING ESTIMATES

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 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 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 financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 27 to these financial statements.

2. REVENUE AND EXPENSES

	2018	2018	2017
(a) Revenue	Actual	Budget	Actual
	\$		\$
Significant revenue			
Reimbursement for flood damage (WANDRRA)	1,484,627	0	0
Other revenue			
Reimbursements and recoveries	1,778,502	97,148	123,352
Other	1,154,869	395,749	284,594
	2,933,371	492,897	407,946
Fees and Charges			
Governance	6,996	11,462	1,262
General purpose funding	11,519	1,023	12,016
Law, order, public safety	60,611	65,085	60,903
Health	66,896	68,580	64,445
Education and welfare	42,263	43,861	29,318
Housing	259,221	342,820	350,467
Community amenities	2,595,704	3,281,470	2,914,380
Recreation and culture	345,001	392,150	414,980
Transport	7,487,558	7,110,566	8,770,640
Economic services	1,154,972	1,243,110	1,313,344
Other property and services	272	51,650	8,815
	12,031,013	12,611,777	13,940,570

At the 24 October 2017 Ordinary Meeting of Council the Fees and Charges were amended to apply the following Corporate Card payment surcharge rates.

- American Express Credit Cards	0.80%
- Mastercard Credit Cards	0.85%
- Visa Credit Cards	0.72%

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

Grants, subsidies and contributions are included as operating and non-operating revenues in the Statement of Comprehensive Income:

	2018	2018	2017
	Actual	Budget	Actual
	\$		\$
Operating grants, subsidies and contributions			
Governance	1,135,522	620,746	423,633
General purpose funding	4,083,243	1,988,887	6,813,122
Law, order, public safety	71,292	62,122	68,551
Health	140,850	146,098	152,255
Education and welfare	193,044	195,078	152,184
Housing	11,608	2,180	14,066
Community amenities	819,001	633,000	327,988
Recreation and culture	860,131	578,355	1,113,692
Transport	165,782	1,389,448	972,059
Economic services	83,122	38,372	731,776
Other property and services	29,200	33,580	37,560
	7,592,795	5,687,866	10,806,886
Non-operating grants, subsidies and contributions			
Governance	0	0	1,000,000
Education and welfare	0	0	500,000
Community amenities	110,000	10,914,201	85,543
Recreation and culture	1,632,630	11,933,919	8,762,029
Transport	2,191,500	14,987,437	2,558,260
Economic services	708,830	3,819,628	0
	4,642,960	41,655,185	12,905,832
Total grants, subsidies and contributions	12,235,755	47,343,051	23,712,718

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions
Grants, donations and other contributions are
recognised as revenues when the local government
obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, Donations and Other Contributions (Continued) a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 23. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

Interest earnings

- Reserve funds
- Other funds

Other interest revenue (refer note 24(d))

2018 Actual \$		2018	2017
		Budget	Actual
		\$	\$
	789,670	844,000	264,854
	373,589	57,404	153,153
	88,537	157,807	113,175
	1,251,796	1,059,211	531,182

2. REVENUE AND EXPENSES (Continued)

	2018	2017
(b) Expenses	Actual	Actual
	\$	\$
Significant expense		
Expenditure on Flood Damage re-instatement	1,903,283	0
Demobilisation of Onslow Airport Camp	0	1,222,528
	1,903,283	1,222,528
Auditors remuneration		
 Audit of the Annual Financial Report 	36,080	39,648
- Other Services	4,458	11,600
	40,538	51,248
Interest expenses (finance costs)		
Long term borrowings (refer Note 12(a))	234,749	249,163
Long term borrowings (refer Note 12(a))		
	234,749	249,163

_	NOTE	2018	2017
3. CASH AND CASH EQUIVALENTS		\$	\$
Unrestricted		9,542,963	8,327,853
Restricted		41,377,381	36,101,088
		50,920,344	44,428,941
The following restrictions have been imposed by			
regulations or other externally imposed requirements	S:		
Employee Benefits Reserve	4	574,373	330,265
Plant Replacement Reserve	4	423,180	26,345
Infrastructure Reserve	4	2,349,929	5,010,869
Housing Reserve	4	1,263,232	910,789
Onslow Community Infrastructure Reserve	4	189,548	186,980
Property Development Reserve	4	2,601,064	2,647,269
Unspent Grants & Contributions Reserve	4	4,575,911	5,735,793
RTIO Partnership Reserve	4	5,852,632	4,995,386
Onslow Aerodrome Reserve	4	13,282,756	12,513,148
Future Projects Reserve	4	1,664,756	3,390,968
Joint Venture Housing Reserve	4	100,000	0
Tom Price Administration Building Reserve	4	1,000,000	0
Waste Services Reserve	4	1,000,000	0
Financial Risk Reserve	4	6,500,000	0
Unspent Grants	23	0	353,276
		41,377,381	36,101,088

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk.

Cash and cash equivalents (Continued)

of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

4. RESERVES - CASH BACKED

	2018	2018	2018	2018	2018	2018	2018	2018	2017	2017	2017	2017
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing
	Balance	to	(from)	Balance	Balance	to	(from)	Balance	Balance	to	(from)	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employee Benefits Reserve	330,265	244,108	0	574,373	330,265	747,741	0	1,078,006	327,314	2,951	0	330,265
Financial Risk Reserve	0	6,775,000	(275,000)	6,500,000	0	6,500,000	0	6,500,000	0	0	0	0
Future Projects Reserve	3,390,968	46,572	(1,772,784)	1,664,756	3,668,620	84,030	(1,777,448)	1,975,202	3,252,725	415,895	(277,652)	3,390,968
Housing Reserve	910,789	352,443	0	1,263,232	910,789	360,256	(900,000)	371,045	901,919	8,870	0	910,789
Infrastructure Reserve	5,010,869	68,819	(2,729,759)	2,349,929	5,010,869	114,774	(937,723)	4,187,920	5,019,130	32,652	(40,913)	5,010,869
Joint Venture Housing Reserve	0	100,000	0	100,000	0	100,000	0	100,000	0	0	0	0
Onslow Aerodrome Reserve	12,513,148	4,081,279	(3,311,671)	13,282,756	12,513,148	3,608,349	(5,021,749)	11,099,748	6,178,151	6,871,464	(536,467)	12,513,148
Onslow Community Infrastructure Reserve	186,980	2,568	0	189,548	186,980	2,004,283	0	2,191,263	185,309	1,671	0	186,980
Plant Replacement Reserve	26,345	1,392,266	(995,431)	423,180	26,345	2,191,904	(995,432)	1,222,817	26,110	235	0	26,345
Property Development Reserve	2,647,269	36,358	(82,563)	2,601,064	2,647,269	60,636	(457,563)	2,250,342	2,739,447	27,699	(119,877)	2,647,269
RTIO Partnership Reserve	4,995,386	2,591,529	(1,734,283)	5,852,632	5,176,963	118,578	(4,954,225)	341,316	2,135,883	3,200,465	(340,962)	4,995,386
Tom Price Administration Building Reserve	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	0	0	0
Unspent Grants & Contributions Reserve	5,735,793	3,094,527	(4,254,409)	4,575,911	5,276,565	146,055	(1,170,544)	4,252,076	7,513,967	1,110,517	(2,888,691)	5,735,793
Waste Services Reserve	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	0	0	0
	35,747,812	20,785,469	(15,155,900)	41,377,381	35,747,813	18,036,606	(16,214,684)	37,569,735	28,279,955	11,672,419	(4,204,562)	35,747,812

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

	Anticipated	
Name of Reserve	date of use	Purpose of the reserve
Employee Benefits Reserve	Ongoing	- To contribute towards funding the Council's liability for payments of employee benefits owing to staff and taken either as leave or paid upon termination of their employment.
Financial Risk Reserve	Ongoing	 To provide funds to mitigate against Financial Risks including legal cases with penalties awarded against the Shire, SAT rulings upholding valuation objections on high value properties likely to cause significantly large refunds and other unknown events potentially resulting in financial loss to the Shire.
Future Projects Reserve	Ongoing	- To provide funds for Future Capital Projects determined in the Long Term Financial Plan.
Housing Reserve	Ongoing	- To provide funds to assist the Council to maintain and improve Council housing stock in accordance with the Housing Asset Management Plan.
Infrastructure Reserve	Ongoing	- To provide funds for provision and maintenance of new and existing infrastructure assets (Including Buildings) throughout the Shire.
Joint Venture Housing Reserve	Ongoing	- To provide funds for repairs and maintenance in compliance with Joint Venture Housing Agreements.
Onslow Aerodrome Reserve	Ongoing	- To provide funds for operational surpluses and deficits as well as the upgrading and modifications to the Onslow Aerodrome.
Onslow Community Infrastructure Reserve	Ongoing	- To provide funds for the development of community facilities in Onslow.
Plant Replacement Reserve	Ongoing	- To provide an optimum level of cash reserves for funding the Council heavy machinery replacement program on a five year rolling basis.
Property Development Reserve	Ongoing	- To provide funds to assist the Council in purchasing, developing and selling property to stimulate economic development.
RTIO Partnership Reserve	Ongoing	- For the purpose of funding the projects and programs associated with partnership agreements between the Shire of Ashburton and Rio Tinto.
Tom Price Administration Building Reserve	2022	- To provide funds for a replacement Tom Price Administration Building.
Unspent Grants Reserve	Ongoing	- To preserve unspent Grant and ongoing Capital works Funds.
Waste Services Reserve	Ongoing	- To provide funds for the upgrading and modifications to Waste Facilities within the Shire.

5. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding Sundry debtors GST receivable Accrued Income

Provision for doubtful debts

Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

- 1 to 5 years

Sundry debtors

Includes:

- up to one month
- 1 3 months
- 3 months to 1 year
- 1 5 years

2018	2017
\$	\$
329,710	912,829
2,219,859	6,127,308
288,482	0
1,851,181	1,044,453
(203,460)	(1,032,792)
4,485,772	7,051,798
000 740	040.000
329,710	912,829
1,410,215	5,032,525
201,596	820,114
600,110	272,718
7,938	1,951

SIGNIFICANT ACCOUNTING POLICIES

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 goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Classification and subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

6. INVENTORIES

Current

Fuel and materials

Tourist Bureau stock

Land held for resale - cost

Development costs

Non-current

Land held for resale - cost Cost of acquisition Development costs

2018	2017
\$	\$
36,165	1,210
98,222	134,769
560,586	546,793
694,973	682,772
423,859	423,859
62,169	62,169
486,028	486,028

SIGNIFICANT ACCOUNTING POLICIES

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.

Land held for resale

Land held for development and resale 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.

Land held for resale (Continued)

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.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

7 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2	16,537,000	16,537,000
	16,537,000	16,537,000
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	760,000	760,000
	760,000	760,000
Total land	17,297,000	17,297,000
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	13,828,000	13,828,000
- Additions after valuation - cost	1,257,853	0
Less: accumulated depreciation	(313,129)	0
	14,772,724	13,828,000
Buildings - specialised at:		
- Independent valuation 2017 - level 3	57,522,764	57,522,764
- Additions after valuation - cost	1,077,684	0
Less: accumulated depreciation	(1,216,339)	0
	57,384,109	57,522,764
Total buildings	72,156,833	71,350,764
Total land and buildings	89,453,833	88,647,764
Furniture and equipment at:		
- Management valuation 2016 - level 2	19,717	19,717
- Management valuation 2016 - level 3	233,714	233,714
- Additions after valuation - cost	963,133	828,211
Less: accumulated depreciation	(306,417)	(102,376)
	910,147	979,266
Plant and equipment at:		
- Independent valuation 2016 - level 2	1,948,997	1,948,997
- Management valuation 2016 - level 2	1,592,923	1,592,923
- Independent valuation 2016 - level 3	175,431	175,431
- Management valuation 2016 - level 3	3,389,091	3,389,091
- Additions after valuation - cost	2,134,499	1,751,104
Less: accumulated depreciation	(1,827,246)	(916,290)
	7,413,695	7,941,256
Work in Progress	6,862,484	874,886
	6,862,484	874,886
Total property, plant and equipment	104,640,159	98,443,172

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land - freehold land	and - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	15,558,926	919,533	16,478,459	14,165,205	45,130,467	59,295,672	75,774,131	348,590	8,095,527	17,382,595	101,600,843
Additions	0	0	0	2,313,948	2,117,036	4,430,984	4,430,984	503,097	1,882,236	0	6,816,317
(Disposals)	0	0	0	(104,359)	(1,672,319)	(1,776,678)	(1,776,678)	(95,160)	(989,085)	0	(2,860,923)
Revaluation increments/ (decrements) transferred to revaluation surplus	518,074	(159,533)	358,541	(1,476,934)	(3,714,447)	(5,191,381)	(4,832,840)	0	0	0	(4,832,840)
Depreciation (expense)	0	0	0	(288,635)	(1,589,829)	(1,878,464)	(1,878,464)	(113,198)	(1,017,054)	0	(3,008,716)
Transfers	460,000	0	460,000	(781,225)	17,251,856	16,470,631	16,930,631	335,937	(30,368)	(16,507,709)	728,491
Carrying amount at 30 June 2017	16,537,000	760,000	17,297,000	13,828,000	57,522,764	71,350,764	88,647,764	979,266	7,941,256	874,886	98,443,172
Additions	0	0	0	1,257,853	1,077,684	2,335,537	2,335,537	128,540	492,153	3,034,760	5,990,990
(Disposals)	0	0	0	0	0	0	0	0	(542,685)	0	(542,685)
Depreciation (expense)	0	0	0	(313,129)	(1,216,339)	(1,529,468)	(1,529,468)	(306,417)	(910,956)	0	(2,746,841)
Transfers	0	0	0	0	0	0	0	108,758	433,927	2,952,838	3,495,523
Carrying amount at 30 June 2018	16,537,000	760,000	17,297,000	14,772,724	57,384,109	72,156,833	89,453,833	910,147	7,413,695	6,862,484	104,640,159

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties.	Independent registered valuers	June 2017	Price per hectare
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost.	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties.	Independent registered valuers	June 2017	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost.	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Furniture and equipment					
- Management valuation 2016	2	Market approach using recent observable market data for similar items.	Management Valuation	June 2016	Price per item.
- Management valuation 2016	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment					
- Independent valuation 2016	2	Market approach using recent observable market data for similar items.	Independent registered valuers	June 2016	Price per item.
- Management valuation 2016	2	Market approach using recent observable market data for similar items.	Management Valuation	June 2016	Price per item.
- Independent valuation 2016	3	Cost approach using depreciated replacement cost.	Independent registered valuers	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
- Management valuation 2016	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

8 (a). INFRASTRUCTURE	2018	2017
Infrastructure - Roads	\$	\$
- Management valuation 2015 - level 3	0	490,599,948
Less: impairment loss	0	(10,491,116)
- Management valuation 2018 - level 3	338,066,574	0
- Additions after valuation - cost	0	4,259,962
Less: accumulated depreciation	(56,253,502)	(57,551,112)
	281,813,072	426,817,682
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	0	8,739,571
- Management valuation 2018 - level 3	10,279,657	0
 Additions after valuation - cost Less: accumulated depreciation 	0 (2,199,088)	1,125,939 (1,903,120)
Less. accumulated depreciation	8,080,569	7,962,390
Infrastructure - Drainage	0	25 746 024
 - Management valuation 2015 - level 3 - Management valuation 2018 - level 3 	50,863,616	25,746,921 0
- Additions after valuation - cost	0	682,463
Less: accumulated depreciation	(19,514,430)	(5,851,014)
	31,349,186	20,578,370
Infractructura Airporte		
Infrastructure - Airports - Management valuation 2015 - level 3	0	51,809,468
- Management valuation 2018 - level 3	57,438,484	0
- Additions after valuation - cost	0	3,548,089
Less: accumulated depreciation	(4,666,904)	(3,047,300)
	52,771,580	52,310,257
Infrastructure - Bridges		
- Management valuation 2015 - level 3	0	988,352
- Management valuation 2018 - level 3	2,627,874	0
Less: accumulated depreciation	(1,119,059)	(464,416)
	1,508,815	523,936
Infrastructure - Parks & Recreation		
- Management valuation 2015 - level 3	0	23,273,284
- Management valuation 2018 - level 3	28,897,481	0
- Additions after valuation - cost	0	9,973,349
Less: accumulated depreciation	(6,672,849)	(7,495,791) 25,750,842
	22,224,002	20,730,042
Infrastructure - Towns		
Management valuation 2015 Javel 2	0	4,825,238
- Management valuation 2015 - level 3	-	
- Management valuation 2018 - level 3	6,998,395	0
Management valuation 2018 - level 3Additions after valuation - cost	6,998,395 0	2,005,762
- Management valuation 2018 - level 3	6,998,395	_
- Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation	6,998,395 0 (1,245,514)	2,005,762 (743,978)
- Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation Infrastructure - Waste	6,998,395 0 (1,245,514) 5,752,881	2,005,762 (743,978) 6,087,022
- Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation Infrastructure - Waste - Management valuation 2015 - level 3	6,998,395 0 (1,245,514) 5,752,881	2,005,762 (743,978)
- Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation Infrastructure - Waste	6,998,395 0 (1,245,514) 5,752,881	2,005,762 (743,978) 6,087,022
 - Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation Infrastructure - Waste - Management valuation 2015 - level 3 - Management valuation 2018 - level 3 	6,998,395 0 (1,245,514) 5,752,881 0 6,071,731 0 (1,033,660)	2,005,762 (743,978) 6,087,022 635,909 0
- Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation Infrastructure - Waste - Management valuation 2015 - level 3 - Management valuation 2018 - level 3 - Additions after valuation - cost	6,998,395 0 (1,245,514) 5,752,881 0 6,071,731	2,005,762 (743,978) 6,087,022 635,909 0 4,087,796
- Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation Infrastructure - Waste - Management valuation 2015 - level 3 - Management valuation 2018 - level 3 - Additions after valuation - cost	6,998,395 0 (1,245,514) 5,752,881 0 6,071,731 0 (1,033,660)	2,005,762 (743,978) 6,087,022 635,909 0 4,087,796 (475,749)
- Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation Infrastructure - Waste - Management valuation 2015 - level 3 - Management valuation 2018 - level 3 - Additions after valuation - cost	6,998,395 0 (1,245,514) 5,752,881 0 6,071,731 0 (1,033,660) 5,038,071	2,005,762 (743,978) 6,087,022 635,909 0 4,087,796 (475,749) 4,247,956
- Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation Infrastructure - Waste - Management valuation 2015 - level 3 - Management valuation 2018 - level 3 - Additions after valuation - cost Less: accumulated depreciation	6,998,395 0 (1,245,514) 5,752,881 0 6,071,731 0 (1,033,660) 5,038,071	2,005,762 (743,978) 6,087,022 635,909 0 4,087,796 (475,749) 4,247,956

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

						Infrastructure -				
	Infrastructure -	Parks &	Infrastructure -	Infrastructure -	Works in	Total				
	Roads	Footpaths	Drainage	Airports	Bridges	Recreation	Towns	Waste	Progress	Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	442,941,312	7,669,607	20,259,184	52,519,278	534,919	21,358,332	6,144,542	3,765,923	1,924,148	557,117,245
Additions	1,788,502	353,358	720,256	586,286	0	7,722,416	613,320	633,799	0	12,417,937
(Disposals)	(83,439)	(181,402)	(83,120)	0	0	(128,771)	0	0	0	(476,732)
Revaluation increments/ (decrements) transferred		_	_		_	_	_		_	
to revaluation surplus	0	0	0	581	0	0	0	0	0	581
Impairment (losses)/reversals	(10,491,116)	0	0	0	0	0	0	0	0	(10,491,116)
Depreciation (expense)	(8,264,323)	(156,274)	(260,676)	(854,755)	(10,983)	(1,295,048)	(139,625)	(153,261)	0	(11,134,945)
Transfers	926,746	277,101	(57,274)	58,867	0	(1,906,087)	(531,215)	1,495	501,876	(728,491)
Carrying amount at 30 June 2017	426,817,682	7,962,390	20,578,370	52,310,257	523,936	25,750,842	6,087,022	4,247,956	2,426,024	546,704,479
Additions	4,109,217	86,354	1,895,828	3,325,264	0	1,219,897	3,905,881	1,574,470	0	16,116,911
Revaluation increments/ (decrements) transferred										
to revaluation surplus	(137,415,448)	(14,431)	9,121,680	(510,295)	995,863	(331,875)	0	616	0	(128,153,890)
Revaluation (loss)/ reversals transferred to profit										
or loss	0	0	0	0	0	(2,784,437)	(991,872)	101,376	0	(3,674,933)
Depreciation (expense)	(8,340,791)	(165,466)	(266,796)	(918,993)	(10,984)	(1,390,752)	(153,588)	(164,238)	0	(11,411,608)
Transfers	(3,357,588)	211,722	20,104	(1,434,653)	0	(239,043)	(3,094,562)	(722,109)	5,120,606	(3,495,523)
Carrying amount at 30 June 2018	281,813,072	8,080,569	31,349,186	52,771,580	1,508,815	22,224,632	5,752,881	5,038,071	7,546,630	416,085,436

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Airports	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Parks & Recreation	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Towns	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Waste	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

Plant and Equipment

Transport

Assets disposed of producing a loss Assets disposed of producing a profit

Economic services

Land Sale - Lot 9500 Onslow

(b) Depreciation

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Airports
Infrastructure - Bridges
Infrastructure - Parks & Recreation
Infrastructure - Towns
Infrastructure - Waste

Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
\$	\$	\$	\$	\$	\$	\$	\$
522,707	436,313	0	(86,394)	647,319	519,000	0	(128,319)
19,978	21,192	1,214	0	22,000	20,000	0	(2,000)
0	0	0	0	0	2,000,000	2,000,000	0
542,685	457,505	1,214	(86,394)	669,319	2,539,000	2,000,000	(130,319)

2018	2017
\$	\$
313,129	288,635
1,216,339	1,589,829
306,417	113,198
910,956	1,017,054
8,340,791	8,264,323
165,466	156,274
266,796	260,676
918,993	854,755
10,984	10,983
1,390,752	1,295,048
153,588	139,625
164,238	153,261
14,158,449	14,143,661

9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Buildings	15 to 100 years	1-6.67%
Furniture and Equipment	4 to 10 years	10-25%
Computer Equipment	3 years	33.33%
Office Equipment	5 years	20%
Plant and Equipment	3 to 15 years	6.67-33.33%
Motor Vehicles	3-5 years	20-33%
Infrastructure Other	10-100 years	1 10%
Water Supply Piping & Drainage Systems	100 years	1%
Sewerage piping	100 years	1%
Footpaths	35-50 years	2-2.85%
Gravel roads		
Construction/Road Base	80 years	1.25%

Asphalt Surfaces

•	Construction/Road Base	80 years	1.25%
•	Gravel Sheet	12 years	8.33%
For	ned Roads (unsealed)		
•	Construction/Road Base	80 years	1.25%
Sea	led Roads and Streets		
•	Construction/Road Base	80 years	1.25%
Maj	or re-surfacing Bituminous Seals	14 years	7.14%

Depreciation (Continued)

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

30 years

10. REVALUATION SURPLUS

				2018					2017	
	2018	2018	2018	Total	2018	2017	2017	2017	Total	2017
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation Surplus - Land and Buildings	35,620,458	0	0	0	35,620,458	40,453,298	0	(4,832,840)	(4,832,840)	35,620,458
Revaluation surplus - Furniture and equipment	377,415	0	0	0	377,415	377,415	0	0	0	377,415
Revaluation surplus - Plant and equipment	434,114	0	0	0	434,114	434,114	0	0	0	434,114
Revaluation surplus - Infrastructure - Roads	381,212,025	0	(137,415,448)	(137,415,448)	243,796,577	391,703,141	0	(10,491,116)	(10,491,116)	381,212,025
Revaluation Surplus - Infrastructure - Footpaths	4,577,024	0	(14,431)	(14,431)	4,562,593	4,577,024	0	0	0	4,577,024
Revaluation Surplus - Infrastructure - Drainage	9,433,310	9,121,680	0	9,121,680	18,554,990	9,433,310	0	0	0	9,433,310
Revaluation Surplus - Infrastructure - Airports	3,826,598	0	(510,295)	(510,295)	3,316,303	3,826,017	581	0	581	3,826,598
Revaluation Surplus - Infrastructure - Bridges	7,807	995,863	0	995,863	1,003,670	7,807	0	0	0	7,807
Revaluation Surplus - Infrastructure - Parks & Recreation	331,875	0	(331,875)	(331,875)	0	331,875	0	0	0	331,875
Revaluation Surplus - Infrastructure - Waste	0	616	0	616	616	0	0	0	0	0
	435,820,626	10,118,159	(138,272,049)	(128,153,890)	307,666,736	451,144,001	581	(15,323,956)	(15,323,375)	435,820,626

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors

Accrued interest on long term borrowings

Accrued salaries and wages

ATO liabilities

Accrued expenses

2018	2017
\$	\$
868,938	2,343,284
25,656	29,523
208,754	256,594
0	114,054
1,518,135	1,127,566
2,621,483	3,871,021

SIGNIFICANT ACCOUNTING POLICIES

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

Trade and other payables (Continued)

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.

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

					Princ	ipal	Princ	ipal	Inter	est
	Borrowing	Interest	Principal	New	Repayr	nents	30 June	2018	Repayr	nents
	Institution	Rate	1 July 2017	Loans	Actual	Budget	Actual	Budget	Actual	Budget
Particulars		%	\$	\$	\$	\$	\$	\$	\$	\$
Governance										
Loan 124 - Onslow Administration Building	WATC	3.31	770,000	0	40,387	40,386	729,613	729,614	27,202	25,156
Housing										
Loan 117 - Housing Manager	WATC	5.45	420,744	0	60,888	60,888	359,856	359,856	23,612	22,112
Loan 121 - New Staff Housing	WATC	5.97	1,178,694	0	269,203	269,203	909,491	909,491	75,755	66,409
Community amenities										
Loan 122 - Onslow Transfer Station	WATC	3.08	2,635,764	0	295,319	295,320	2,340,445	2,340,444	91,070	78,925
Recreation and culture										
Loan 118 - Community Rec Centre	WATC	5.82	99,098	0	37,943	37,943	61,155	61,155	5,813	5,223
Transport										
Loan 119 - Onslow Aerodrome Upgrade	WATC	6.36	180,968	0	15,450	15,450	165,518	165,518	11,297	17,257
	·		5,285,268	0	719,190	719,190	4,566,078	4,566,078	234,749	215,082

Borrowings 2018 2017 Current 752,680 719,190 Non-current 3,813,398 4,566,078 4,566,078 5,285,268

(b) Undrawn Borrowing Facilities **Credit Standby Arrangements**

Bank overdraft limit Bank overdraft at balance date Credit card limit

Credit card balance at balance date

Total amount of credit unused

Loan facilities

Loan facilities - current Loan facilities - non-current

Total facilities in use at balance date

Unused loan facilities at balance date

2018	2017
\$	\$
0	500,000
0	0
64,000	56,000
(28,161)	(20,831)
35,839	535,169
752,680	719,190
3,813,398	4,566,078
4,566,078	5,285,268
NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

13. PROVISIONS

	Annual	Long Service	
	Leave	Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	904,876	443,450	1,348,326
Non-current provisions	0	304,179	304,179
	904,876	747,629	1,652,505
Additional provision / (Amount Used)	(43,983)	184,572	140,589
Balance at 30 June 2018	860,893	932,201	1,793,094
Comprises			
Current	860,893	567,358	1,428,251
Non-current	0	364,843	364,843
	860,893	932,201	1,793,094

Provision for

Annual Leave and current long service leave liabilities have been classified as current as there are no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities are expected to occur as detailed below.

Current Provisions

Within 12 months of the end of the reporting period After 12 months of the end of the reporting period

SIGNIFICANT ACCOUNTING POLICIES

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 statement of financial position.

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits 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

Annual Leave	Long Service Leave	Total
\$	\$	\$
803,675	401,766	1,205,441
57,218	165,592	222,810
860,893	567,358	1,428,251

Provision for

Other long-term employee benefits (Continued)

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.

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.

14. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2018 2018 Actual Budget		2017 Actual
	\$	\$	\$
Cash and cash equivalents	50,920,344	38,372,820	44,428,941
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	9,497,551	44,921,299	12,691,909
Non-cash flows in Net result:			
Depreciation	14,158,449	14,973,551	14,143,661
(Profit)/loss on sale of asset	85,180	(1,869,681)	2,505,221
Loss on revaluation of fixed assets	3,776,309	0	0
Reversal of loss on revaluation of fixed assets	(101,376)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	2,566,026	2,481,413	(1,252,776)
(Increase)/decrease in inventories	1,592	100,000	34,878
Increase/(decrease) in payables	(1,249,538)	(164,136)	(2,415,339)
Increase/(decrease) in provisions	140,589	0	127,858
Grants contributions for			
the development of assets	(4,642,960)	(41,655,185)	(12,905,832)
Net cash from operating activities	24,231,822	18,787,261	12,929,580

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	15,206,736	10,993,478
General purpose funding	6,829,710	912,829
Law, order, public safety	190,720	905,819
Health	0	12,697
Education and welfare	4,382,061	4,326,329
Housing	26,438,409	25,646,276
Community amenities	7,471,810	34,810,459
Recreation and culture	56,000,326	54,901,988
Transport	413,437,008	510,386,864
Economic services	9,465,926	17,189,885
Other property and services	3,647,680	9,710,046
Unallocated	34,242,326	28,000,520
	577,312,712	697,797,190

16. CONTINGENT LIABILITIES

(a) Wittenoom Asbestos

Wittenoom asbestos claims are being made against a number of defendants including the Shire by former residents and visitors to Wittenoom for potential damages incurred as a result of suffering from asbestos related diseases.

The present outlook for the Shire in relation to Wittenoom litigation is being carefully monitored by the Council and the Executive on a monthly basis. The amount of potential claims and the Shire's potential contribution to the settlement of these has remained relatively steady over the current period.

Total future potential claims in respect of Wittenoom are not reliably quantifiable; however, the changing nature of damages claims and their defence means that individual cases could potentially place the Shire at a greater financial risk.

The Shire has a commitment from the State Government that it will support a financial contribution if the Wittenoom impost becomes too onerous for the Shire. All cases to date have been settled out of court with a number of parties contributing to the settlement process. Out of court settlements result in no judgement being reached by the court.

The amount of on-going claims and the manner in which they were concluded have not been disclosed as this may prejudice the Shire's position in an individual case.

In the event that a number of cases brought against the Shire and additional defendants are ruled in favour of the plaintiff, the financial impact on the Shire may result in significant losses being incurred which in turn may convert to higher rating levels, or a reduction in services provided to ratepayers.

(b) Onslow Waste Facility

The Onslow Waste Facility site was rehabilitated in 2015/16 to enable development of the Ashburton North Strategic Industrial Area Improvement Scheme. At the time of the rehabilitation it was intended as a requirement of environmental compliance to revegetate the area.

Currently work is being undertaken to establish the scope and also the cost of the restoration works. This cost will be provided in the accounts in accordance with AASB116 - Property, Plant and Equipment, paragraph 16, once it can be reliably ascertained.

17. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- Tom Price sports courts upgrade
- Doug Talbot Park barbecue
- Onslow Sports Club redevelopment
- Onslow playground construction
- Paraburdoo CHUB construction
- Paraburdoo CHUB consulting fees
- Tom Price waste site weighbridge
- Stadium Road drainage improvements
- Tom Price administration building refurbishments
- Passion of the Pilbara event
- Housing refurbishment at Paraburdoo
- plant & equipment purchases

Total

Payable:

- not later than one year

2018	2017	
\$	\$	
88,275	0	
13,247	0	
10,992	0	
330,000	0	
7,204,860	0	
125,095	0	
0	163,213	
0	640,758	
0	273,821	
0	220,000	
0	72,550	
7,772,469	1,370,342	
7,772,469	1,370,342	

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years

30,684	30,684
37,024	67,708
67,708	98,392

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

18. JOINT ARRANGEMENTS

Communities Housing (Homeswest):

Purpose:

The Shire of Ashburton in conjunction with Homeswest is providing rental accommodation for senior citizens who are eligible by virtue of their low personal income and their compliance with eligibility criteria adopted by Homewest from time to time to rent public housing from Homewest.

Address

46 Second Avenue, Onslow, Pilbara 6710 - Carinya Units 1-5

Number of dwellings:

Freehold

Certificate of Title Volume 3042 Folio 6

Drawing No. 190235

Legal Agreements:

Joint Venture Agreement dated 2nd August 1994 for fifty years from that date with an extension to be given upon request in writing for such further period of years as the Shire shall specify but not exceeding fifty years.

Equity:

Department of Housing capital contribution Shire of Ashburton capital contribution \$ 481,945 \$ 126,754

Department of Housing percentage interest 79.18% Shire of Ashburton percentage interest 29.82%

Non-current assets

Land and buildings

Less: accumulated depreciation

18	2017
\$	\$
207,933	207,933 207,933
(9,095)	(9,095)
198,838	198,838 207,933
207,933 (9,095)	207,933 207,93 (9,095)

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 29 for a description of the equity method of accounting.

Interests in joint arrangements (Continued)
Joint operations represent arrangements
whereby joint operators maintain direct interests in
each asset and exposure to each liability of the
arrangement. The Shire's interests in the assets,
liabilities, revenue and expenses of joint operations
are included in the respective line items of the
financial statements.

19. Investment in Associates

There were no investments in associates during the 2017/18 financial year.

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates (Continued)

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate. When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018	2018	2017
The following fees, expenses and allowances were	Actual	Budget	Actual
paid to council members and/or the President.	\$	\$	\$
Meeting Fees	260,703	219,147	202,009
Presidents allowance	62,727	61,800	61,800
Deputy Presidents allowance	15,682	15,450	15,450
Travelling expenses	87,101	85,200	57,357
Telecommunications allowance	4,349	4,692	4,749
	430,562	386,289	341,365

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the	2018	2017
Shire during the year are as follows:	\$	\$
Short-term employee benefits	1,263,815	1,234,639
Post-employment benefits	104,865	59,846
Other long-term benefits	25,188	29,407
Termination benefits	221,115	222,510
	1,614,983	1,546,402

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Transactions with related parties

Transactions between related parties, and the Shire are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2018	2017
	\$	\$
Purchase of goods and services (KMP)	77,347	58,658

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Joint venture entities accounted for under the proportionate consolidation method The Shire has an interest in a joint venture with Homeswest. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, refer to Note 18.

21. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2017/18 financial year.

22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire's objective is to maintain a safe landing airstrip and functional airport amenities conducive to the promotion of the district as a tourist and business destination.

Operating costs are met by landing fees charged. Annual surpluses as determined by Council are transferred to a cash reserve to finance future upgrades and modifications to the facility.

a) On continue Olatess and	0040	2018	0047
a) Operating Statement	2018	Budget	2017
On another than any	\$	\$	\$
Operating Income	000.004	207.000	02.007
Landing Fees	868,684	397,600	83,887
Grant and Contribution Income	24,650	0	0
Passenger Tax	5,035,418	5,214,240	6,758,705
Parking Income	28,486	100.040	0
Property Rental	151,148	100,646	157,152
Reimbursement	16,704	0	0
Security Screening Charges	1,393,845	1,375,980	1,765,495
Sundry Income	9,661	22,100	5,094
	7,528,596	7,110,566	8,770,333
Operating Expenditure			
Employee Expenses	(469,673)	(431,415)	(407,623)
Operational Expenses	(1,398,607)	(1,476,097)	(1,500,423)
Grounds & Strip Maintenance	(170,540)	(192,096)	(162,483)
Marketing	(1,894)	(2,000)	(1,644)
Other Sundry Expenses	(12,511)	(11,268)	(16,621)
Administration Expenses	(66,966)	(17,198)	(37,171)
Administration Overheads	(147,827)	(173,649)	(170,584)
Depreciation	(925,088)	(1,485,108)	(1,445,658)
	(3,193,106)	(3,788,831)	(3,742,207)
Operating Result	4,335,490	3,321,735	5,028,126
(b) Non-Operating Income & Expenditure			
Capital Revenue			
Transfer From Cash Reserve	3,311,671	4,849,201	536,467
Contributions	0	0	1,579,736
Government Grants	0	0	0
	3,311,671	4,849,201	2,116,203
Capital Expenditure			
Transfer to Cash Reserve	(3,909,424)	(3,321,735)	(6,815,110)
Infrastructure	(1,755,168)	(3,236,714)	(440,377)
Buildings	(1,570,095)	(1,586,385)	(135,579)
Airport Equipment Purchase	(6,818)	(10,000)	(20,170)
Financing Expenses	(15,450)	(16,102)	(75,082)
	(7,256,955)	(8,170,936)	(7,486,318)
TOTAL NET TRADING UNDERTAKING	390,206	0	(341,989)
Page 79	9		

23. CONDITIONS OVER GRANTS/CONTRIBUTIONS

		Opening Balance ⁽¹⁾	Received (2)	Expended (3)	Closing Balance ⁽¹⁾	Received (2)	Expended (3)	Closing Balance
Grant/Contribution		1/07/16	2016/17	2016/17	30/06/17	2017/18	2017/18	30/06/18
Governance		\$	\$	\$	\$	\$	\$	\$
Chevron - Destiny Onslow Project		27,215	650	0	27,865	0	(27,865)	0
Chevron - Onslow Administration Complex		0	1,000,000	(1,000,000)	0	0	0	0
Pilbara Iron - Partnership Agreement (Management)	(*)	1,089,831	367,691	(299,486)	1,158,036	1,105,904	(436,340)	1,827,600
Law, order, public safety								
Dept of Health - Grants for Aboriginal Environmental Health		136,747	129,356	(222,307)	43,796	130,430	(174,226)	0
Dept of Health - CLAG	(#)	0	0	0	0	21,817	(14,869)	6,948
Education and welfare								
Chevron - Kids Kitchen Garden- Old Agreement	(#)	15,320	80,000	(74,854)	20,466	0	0	20,466
Chevron - Working together Onslow- New Agreement- OKKC inclusive	(#)	0	0	0	0	400,001	(227,916)	172,085
Dept of Child Protection - Grant Income	(#)	20,567	96,246	(49,556)	67,257	97,045	(129,386)	34,916
Dept of Regional Development (CLGF) - Paraburdoo Child Care Centre		0	500,000	(500,000)	0	0	0	0
Community amenities								
Chevron - Onslow Goods Shed Museum		7,408	0	(3,217)	4,191	0	(4,191)	0
Dept of State Development - Onslow Waste Management Facility		0	9,197	(9,197)	0	0	0	0
Dept Transport - Coastal Infrastructure Beadon Creek Compost Facility		0	12,153	0	12,153	0	(12,153)	0
Dept of Planning - Coastal Hazard Risk Management and Adaptation Plan		177,695	0	(177,695)	0	0	0	0
Dept of Regional Development (CLGF) - Paraburdoo Stormwater Drainage		313,806	0	(313,806)	0	0	0	0
Recreation and culture								
BHP - Onslow Basketball Carnival		0	20,000	(20,000)	0	0	0	0
BHP - Onslow Basketball Courts		0	380,512	(380,512)	0	0	0	0
BHP - Skate Park	(#)	0	0	0	0	35,000	(29,764)	5,236
Chevron - Western Partnerships		90,144	87,641	(177,785)	0	0	0	0
Dept of Sports & Rec - Paraburdoo Pool Shade Structure		0	32,000	(32,000)	0	0	0	0
Dept of Sports & Rec - Procul Dry Chlorine System		0	14,000	(14,000)	0	0	0	0
Dept of Sports & Rec - TP Pool		0	18,000	(18,000)	0	0	(772)	0 0
Dept of Sport & Recreation - Active Ashburton Program Dept of Sports & Recreation - Advanced Governance Training	(#)	773 2,500	0	0	773 2,500	0	(773) (2,500)	0
Dept of Sports & Recreation - Ridsport	(#) (#)	22,283	0	(75)	22,208	0	(160)	22,048
Dept of Sports & Recreation - Waterspray Park	(#)	0	10,000	(10,000)	22,200	0	(100)	0
Dept of State Development - Onslow Aquatic Facility		1,029,880	4,067,267	(5,097,147)	0	0	0	0
Dept of State Development - Onslow Skate Park		28,506	1,250,250	(1,254,392)	24,364	0	(24,364)	Ō
Dept of Local Government & Communities - Youth Engagement Strategy		10,000	0	(7,636)	2,364	0	(2,364)	0
Dept of Regional Development & Lands - Paraburdoo CHUB	(#)	5,000,000	64,608	0	5,064,608	55,931	(2,200,000)	2,920,539
Dept of Sports & Recreation - Miscellaneous or Various	,	33,173	0	(33,173)	0	0	Ó	0
Passion of the Pilbara - BHP & Chevron		0	206,500	(6,426)	200,074	21,500	(221,574)	0
Pilbara Development Commission - Onslow Ian Blair Boardwalk		0	184,445	(184,445)	0	465,555	(465,555)	0
Pilbara Iron - Partnership Agreement (Community Development & Support)	(*)	742,835	682,831	(474,575)	951,091	817,896	(303,432)	1,465,555
Pilbara Iron - Partnership Agreement (Community Events & Festivals)	(*)	147,917	217,000	(315,199)	49,718	628,771	(236,945)	441,544
Rio Tinto - Paraburdoo CHUB	(*)	120,204	3,000,000	(283,663)	2,836,541	38,958	(757,566)	2,117,933
Dept of JTSI & Cheveron - Old Onslow Conservation Project	(#)	0	0	0	0	100,000	0	100,000
Transport								
Dept Infrastructure - RTR Funding	(#)	500,000	723,509	(678,643)	544,866	1,318,491	(621,356)	1,242,001
MRWA - Black Spot Funding		1,584	0	0	1,584	0	(1,584)	0
MRWA - Regional Road Group Funding		123,836	366,644	(490,480)	0	0	0	0
Pilbara Development Commission - Road signage/SAMS Messaging system	(#)	0	50,000	0	50,000	26	(48,445)	1,581
Economic Services								
Water Corp - Paint works for Onslow Water Tank	(#)	0	0	0	0	45,455	0	45,455
Dept of JTSI & Chevron - Onslow Town Various Projects	(#)	0	0	0	0	50,000	(45,364)	4,636
Other Property and Services								
Pilbara Development Commission - Karratha - Tom Price Rd Analysis		50,000	0	(50,000)	0	0	0	0
Total		9,692,224	13,570,500	(12,178,269)	11,084,455	5,332,780	(5,988,692)	10,428,543

Notes:
(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

(*) Unspent contributions are held in a reserve fund called RTIO Partnership (#) - These unspent contributions were held in a reserve fund called Unspent grants and Contributions

Unspent Grants not transferred to Reserve as at 30 June Unspent Grants in RTIO Partnership Reserve at 30 June 2018 Unspent Grants in Unspent Grants & Contributions Reserve at 30 June

2018 2017 \$ \$ 0 353,276 5,852,632 4,995,386 4,575,911 5,735,793 10,428,543 11,084,455

24. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in \$	Number of Properties	Value	Rate Revenue	Interim Rates	Back Rates	2018 Total Revenue	2017 Rate Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
			\$	\$	\$	\$	\$		\$	\$	\$	\$
Gross rental valuations												
Residential / Community	0.051853	2,498	84,786,255	4,396,422	0	0	4,396,422	4,086,648	4,398,692	0	0	4,398,692
Commercial / Industrial / Tourism	0.051954	139	20,072,415	1,042,842	(211,328)	0	831,514	1,030,066	1,042,842	0	0	1,042,842
Unimproved valuations												
Mining / Industrial	0.382467	568	73,021,215	27,928,205	121,536	0	28,049,741	22,891,131	27,928,205	204,000	9,180	28,141,385
Pastoral	0.060154	34	6,608,804	397,546	0	0	397,546	434,150	397,546	0	0	397,546
Tourism	0.162455	4	345,000	56,044	0	0	56,044	56,044	56,047	0	0	56,047
Residential	0.050961	6	2,900,000	0	0	0	0	147,787	0	0	0	0
Non Rateable	0.000000	293	1,773,650	0	0	0	0	(16,444)	0	0	0	0
Sub-Total		3,542	189,507,339	33,821,059	(89,792)	0	33,731,267	28,629,382	33,823,332	204,000	9,180	34,036,512
	Minimum											
Minimum payment	\$											
Gross rental valuations												
Residential / Community (General)	830.00	100	587,940	83,000	0	0	83,000	111,740	83,000	0	0	83,000
Residential / Community (Lesser)	622.50	20	20,419	12,450	0	0	12,450	8,325	12,450	0	0	12,450
Commercial / Industrial / Tourism	1,037.50	48	475,989	49,800	0	0	49,800	43,475	49,800	0	0	49,800
Unimproved valuations												
Mining / Industrial	1,037.50	417	92,187	432,638	0	0	432,638	384,800	432,638	0	0	432,638
Pastoral	1,037.50	7	41,343	7,262	0	0	7,262	8,325	7,262	0	0	7,262
Tourism	1,037.50	0	0	0	0	0	0	0	0	0	0	0
Sub-Total		592	1,217,878	585,150	0	0	585,150	556,665	585,150	0	0	585,150
		4,134	190,725,217	34,406,209	(89,792)	0	34,316,417	29,186,047	34,408,482	204,000	9,180	34,621,662
Discounts/concessions (refer note 24(c))							(273,753)	(3,515,014)				(272,147)
Total amount raised from general rate							34,042,664	25,671,033				34,349,515
Ex-gratia rates							9,225	8,325				7,446
Movement in Excess Rates							0	(10,982)				0
Rates Written Off						_	(650,771)	(81,445)				(20,400)
Totals							33,401,118	25,586,931			_	34,336,561

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

24. RATING INFORMATION (Continued)

(b) Service Charges

Service Charges	Amount of Charge	Revenue Raised	Budget Revenue	Charges Applied to Costs	Charges Set Aside to Reserve	Reserve Applied to Costs	Budget Charges Applied to Costs	Budget Charges Set Aside to Reserve	Budget Reserve Applied to Costs
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Residential - Full Overhead	525.41	64,678	68,066	64,678	0	0	68,066	0	0
Residential - Consumer Mains Underground	302.11	9,182	9,499	9,182	0	0	9,499	0	0
Residential - Transformer or Vacant Underground	210.16	3,626	3,751	3,626	0	0	3,751	0	0
Residential - Base Rate Street Already Underground	105.08	25,393	26,271	25,393	0	0	26,271	0	0
Commercial Mixed Use - Full Overhead	1,576.24	0	0	0	0	0	0	0	0
Commercial Mixed Use - Consumer Mains Underground	1,352.94	0	0	0	0	0	0	0	0
Commercial Mixed Use - Transformer of Vacant Connection	1,260.99	15,383	15,915	15,383	0	0	15,915	0	0
Commercial Mixed Use - Base Rate - Street Already Underground	210.16	6,602	6,830	6,602	0	0	6,830	0	0
Industrial - Full Overhead	3,021.12	0	0	0	0	0	0	0	0
Industrial - Consumer Mains Underground	2,797.82	0	0	0	0	0	0	0	0
Industrial - Transformer of Vacant Connection	2,705.87	0	0	0	0	0	0	0	0
Industrial - Base Rate - Street Already Underground	2,600.79	87,852	90,890	87,852	0	0	90,890	0	0
		212,716	221,222	212,716	0	0	221,222	0	0

The Shire of Ashburton introduced a service charge for the 2017/18 financial year in relation to the Pilbara Underground Power Project.

The Project is for the town of Onslow to dramatically reduce the likelihood of power outages to essential services immediately following adverse weather events. The project is a partnership between the State Government's Royalties for Regions initiative and Local Government. Due to the support of the Royalties for Regions program the project only requires a local 25% contribution to the overall cost of the project. Landowners contribution will be 10% or approximately \$800,000. This is funded by a low interest loan budgeted for in the 2018/19 financial year. Landowners will then pay their portion over four years via this service charge.

The funding model for landowners has been developed based on the type of existing connection to it. A property with 'full overhead power' service charge funds not be applied in the 2018/19 financial year unspent amounts will be set aside in a Reserve account specifically for the The service charge will be levied in addition to the annual rates charges and an instalment option will apply as per Rates instalment dates.

No Service charges were imposed by the Shire during the year ended 30 June 2017.

(c) Waivers or Concessions

Rate or Fee and
Charge to which
the Waiver or

the Waiver or				2018	2017	2018
Concession is Granted	Туре	Discount	Discount	Actual	Actual	Budget
GRV Residential / Community	Concession	% 0.00%	\$ 273,753	\$ 273,753	3,515,014	\$ 272,147
Community				273,753	3,515,014	272,147

Rate or Fee and	Circumstances in which					
Charge to which	the Waiver or Concession is					
the Waiver or	Granted and to whom it was	Objects of the Waiver Reasons for the Waiver				
Concession is Granted	available	or Concession	or Concession			
GRV Residential /	The concession to be equivalent to the difference payable between	To ameliorate the	As a result of the significant increase and variation between GRV valuations			
Community	2014/15 valuations and the proposed 2015/16 GRV Residential /	effect of this	resulting from 2014/15 General Revaluation Council has offered a concession to			
	Community properties rate in the dollar (i.e. 050961), and 2015/16	significant increase in	ameliorate the effect of this signifiacnt increase in valuations.			
	valuations and the proposed 2016/17 rate in the dollar.	valuations				

24. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Date Instalment Options Due		Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	20-Oct-17			11.00%
Option Two				
First instalment	20-Oct-17			11.00%
Second instalment	22-Feb-18	14	5.50%	11.00%
Option Three				
First instalment	20-Oct-17			
Second instalment	21-Dec-17	14	5.50%	11.00%
Third instalment	22-Feb-18	14	5.50%	11.00%
Fourth instalment	23-Apr-18	14	5.50%	11.00%
		2018	2017	2018
		Actual	Actual	Budget
		\$	\$	\$
Interest on unpaid rates		67,219	82,557	138,057
Interest on instalment plan		14,666	21,433	10,710
Charges on instalment plan		9,443	9,336	8,690
Interest on ESL		1,707	2,269	2,040
Interest on Sundry Debtors		4,945	6,916	7,000
		97,980	122,511	166,497

25. NET CURRENT ASSETS

Composition of net current assets for			
the purposes of the Rate Setting Statement	2018	2018	2017
•	(30 June 2018	(1 July 2017	(30 June 2017
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
Surplus/(Deficit)	12,102,225	12,544,678	12,544,678
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	9,542,963	8,327,853	8,327,853
Restricted	41,377,381	36,101,088	36,101,088
Receivables			
Rates outstanding	329,710	912,829	912,829
Sundry debtors	2,219,859	6,127,308	6,127,308
GST receivable	288,482	0	0
Accrued Income	1,851,181	1,044,453	1,044,453
Provision for doubtful debts	(203,460)	(1,032,792)	(1,032,792)
Inventories			
Fuel and materials	36,165	1,210	1,210
Tourist Bureau stock	98,222	134,769	134,769
Land held for resale - cost			
Development costs	560,586	546,793	546,793
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(868,938)	(2,343,284)	(2,343,284)
Accrued interest on long term borrowings	(25,656)	(29,523)	(29,523)
Accrued salaries and wages	(208,754)	(256,594)	(256,594)
ATO liabilities	0	(114,054)	(114,054)
Accrued expenses	(1,518,135)	(1,127,566)	(1,127,566)
Current portion of long term borrowings	(752,680)	(719,190)	(719,190)
Provisions			
Provision for annual leave	(860,893)	(904,876)	(904,876)
Provision for long service leave	(567,358)	(443,450)	(443,450)
Unadjusted net current assets	51,298,675	46,224,974	46,224,974
Adjustments			
Less: Reserves - restricted cash	(41,377,381)	(35,747,812)	(35,747,812)
Add: Current portion of long term borrowings	752,680	719,190	719,190
Add: Current employee benefits provision	1,428,251	1,348,326	1,348,326
Adjusted net current assets - surplus/(deficit)	12,102,225	12,544,678	12,544,678

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

26. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying	y Value	Fair V	alue
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	50,920,344	44,428,941	50,920,344	44,428,941
Receivables	4,485,772	7,051,798	3,001,145	7,051,798
	55,406,116	51,480,739	53,921,489	51,480,739
Financial liabilities				
Payables	2,621,483	3,871,021	2,621,483	3,871,021
Borrowings	4,566,078	5,285,268	4,727,434	5,483,714
	7,187,561	9,156,289	7,348,917	9,354,735

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

26. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. The Shire has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk - the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
	\$	\$
Impact of a 1% (1) movement in interest rates on cash		
- Equity	509,203	444,289
- Statement of Comprehensive Income	509,203	444,289

Notes:

2018

Sensitivity percentages based on management's expectation of future possible interest rate movements.

26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	2018	2017
Percentage of rates and annual charges	%	%
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	74%	83%
- Overdue	26%	17%

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2018</u>	\$	\$	\$	\$	\$
Payables Borrowings	2,621,483 928,342	0 2,891,762	0 1,418,521	2,621,483 5,238,625	2,621,483 4,566,078
Borrowings	3,549,825	2,891,762	1,418,521	7,860,108	7,187,561
<u>2017</u>					
Payables	3,871,021	0	0	3,871,021	4,313,135
Borrowings	928,283	3,270,256	1,968,371	6,166,910	5,285,268
	4,799,304	3,270,256	1,968,371	10,037,931	9,598,403

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:							carrying amount, by maturity, of the financial instruments exposed to interest					
Year ended 30 June 2018	<1 year	>1<2 y	years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Interest Rate			
	\$	\$;	\$	\$	\$	\$	\$	%			
Borrowings												
Fixed rate												
Long term borrowings		0 6	1,155	909,491	(359,856	3,235,576	4,566,078	4.03%			
Weighted average									_			
Effective interest rate		5	5.82%	5.97%		5.45%	3.30%					
Year ended 30 June 2017												
Borrowings												
Fixed rate												
Long term borrowings		0	0	99,098	1,178,694	1 0	4,007,476	5,285,268	4.12%			
Weighted average		•							=			
Effective interest rate				5.82%	5.97%	, 0	3.53%					

27. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	1 July 2017 \$	Amounts Received	Amounts Paid	30 June 2018 \$
	·	•	•	·
Public Open Space	236,655	0	0	236,655
Cleaning and Key Deposits	21,265	14,789	(13,915)	22,139
Other Trust Monies	11,880	33,069	(19,091)	25,858
Bonds & Guarantees	117,414	7,653	(60,920)	64,147
Nomination Deposit	80	560	(320)	320
Unclaimed Monies	8,085	0	0	8,085
BCITF Levy	4,761	43,186	(46,538)	1,409
BRB Levy	3,508	(1,303)	0	2,205
Conignment Stock	3,201	13,222	(15,165)	1,258
Tour Sales	41,045	164,277	(180,668)	24,654
	447,894			386,730

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.
				The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.
	Netoc			Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating
	Notes: (1) Applicable to reporting periods commencing on er of	tor the given date		leases held by the Shire, the impact is not expected to be significant.
	(1) Applicable to reporting periods commencing on or af	ter the given date.		

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. Whilst it is not possible to quantify the financial impact (or if it is
				material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Adoption of New and Revised Accounting Standards

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i)	AASB 2016-4 Amendments to Australian	1 January 2017
	Accounting Standards - Recoverable Amount of	
	Non-Cash-Generating Specialised Assets of Not- for-Profit Entities	
(ii)	AASB 2016-7 Amendments to Accounting	1 January 2017

 (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

29. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) 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 operating cycle. In the case of liabilities where the Shire 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 Shire's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) 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.

g) Fair value of assets and liabilities

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model ,such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

30. ACTIVITIES/PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the ewfficient allocation of resources.	Administration and operation of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
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 assess and manage risks to public health and create and maintain environments that promote good public health.	Food safety, traders permits, septics approvals, analysis of drinking water, public pool safety, monitoring and control of mosquitoes, noise - dust or odour complaints, public building inspections, Environmental Health support to Aboriginal communities, provision of public information on issues such as asbestos, mosquitoes, food hygiene.
EDUCATION AND WELFARE	To meet the needs of the community in these areas.	Maintenance of pre-school facilities & donations to schools. Assistance to welfare groups and Youth Services.
HOUSING COMMUNITY AMENITIES	To manage housing. To provide services required but the community.	Maintenance of staff and rental housing. Rubbish collections, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities and protection of the environment.
RECREATION AND CULTURE	To establish and manage efficiently infrastructure and resources which help the social well being of the community.	Maintenance of Halls, Swimming pools, sporting facilities, parks and associated facilities, provision of library services in Tom Price, Onslow, Pannawonica & Paraburdoo.
TRANSPORT	To provide effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, footpaths; street lighting, traffic management and airport. Purchase and disposal of Council's Road Plant.
ECONOMIC SERVICES	To help promote the Shire and improve it's economic well-being.	Building control, management of tourist bureau, tourism and area promotion and standpipes.
OTHER PROPERTY AND SERVICES	To provide support services for works and plant operations.	Private works operations, plant repairs and operation costs, stock and materials, salaries and wages of Council employees.

31. FINANCIAL RATIOS		2018	2017	2016
Current ratio		3.48	2.86	1.84
Asset sustainability ratio		0.43	0.73	0.75
Debt service cover ratio		20.18	14.80	4.70
Operating surplus ratio		0.10	(0.01)	(0.16)
Own source revenue coverage ratio		0.95	0.79	0.76
Asset consumption ratio		0.72	0.88	0.85
Asset renewal funding ratio		1.69	0.80	0.82
The above ratios are calculated as follows:				
Current ratio		current asset	s minus restrict	ed assets
	С	urrent liabilities	minus liabilitie	s associated
		with	restricted asset	s
Asset sustainability ratio	Ca	apital renewal a	and replacemen	t expenditure
·			eciation expens	·
Debt service cover ratio	annual d	operating surpl	us before intere	est and depreciation
			cipal and interes	·
Operating surplus ratio	or	verating revenu	ue minus operat	ing eynenses
operating surplus ratio			ce operating re	
Own source revenue coverage ratio		OWN SOUR	ce operating re	VANUA
OWN Source revenue coverage rand			rating expenses	
Asset consumption ratio		-		epreciable assets
	Cui	rent replacem	ent cost of depr	eciable assets
Asset renewal funding ratio	NF	PV of planned	capital renewal	over 10 years
	NPV	of required ca	pital expenditui	e over 10 years

Notes:

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, three of the ratios were impacted by revenue and expenses associated with flood damage re-instatement, loss on revaluation and reversal of loss on revaluation of infrastructure assets, which are considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year			
relating to the subsequent year.	2,239,237	2,350,280	0
Amount of Financial Assistance Grant received in prior year			
relating to current year.	2,350,280	0	2,413,892
Amount of reimbursement for flood damage received.	1,484,627	0	0
Expenditure on flood damage re-instatement.	1,903,283	0	0
One off significant expenditure on Onslow refuse site.	0	0	5,574,636
One off significant expenditure on Onslow airport camp.	0	1,222,528	0
Loss on revaluation of Infrastructure Assets.	3,776,309	0	0
Reversal of loss on revaluation of Insfrastructure Assets.	101,376	0	0

31. FINANCIAL RATIOS (Continued)

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	2.95	2.45	N/A
Debt service cover ratio	24.59	13.62	10.01
Operating surplus ratio	0.19	(0.03)	0.04
Own source revenue coverage ratio	1.03	0.81	0.85

MOORE STEPHENS

Level 15, Exchange Tower, 2 The Esplanade, Perth, WA 6000 PO Box 5785, St Georges Terrace, WA 6831

> T +61 (0)8 9225 5355 F +61 (0)8 9225 6181

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF ASHBURTON

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of the Shire of Ashburton (the Shire), which comprises the Statement of Financial Position as at 30 June 2018, Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and the Rate Setting Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Ashburton:

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act* 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the 'Code') that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

MOORE STEPHENS

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF ASHBURTON (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives of the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on
 the audit evidence obtained, whether a material uncertainty exists related to events or conditions that
 may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a
 material uncertainty exists, we are required to draw attention in our auditor's report to the related
 disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our
 conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot
 predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MOORE STEPHENS

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF ASHBURTON (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) All required information and explanations were obtained by us.
- b) All audit procedures were satisfactorily completed in conducting our audit.
- c) In my opinion, the asset consumption ratio and asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the annual financial report of the Shire of Ashburton for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Date: 10 December 2018

Perth, WA

WEN-SHIEN CHA PARTNER

ATTACHMENT 7.2

CEO's Report

Review of Risk Management, Legislative Compliance and Internal Controls

Undertaken by Moore Stephens Australia Pty Ltd, Report Provided: 13 December 2016, Audit Date: 24-25 October 2016

This progressed report was last presented to the Audit and Risk Committee meeting 19 June 18 September 2018. Since this date, progress has been made as per below.

As at 5 September 2018:

Suggestions/Opportunities: 43

Completed: 431
Progressing: 02

This progressed report will be presented to the Audit and Risk Committee meeting to be held on the 18 <u>September December</u> 2018. The intent is to report to the Committee that all the improvements/suggestions have been <u>further reviewed and acted upon since the June meeting</u> finalised in preparation for the next review in 2019.

Summary of Improvements (ref 9.1)

Extracted from the Review of Risk Management, Legislative Compliance and Internal Controls Report at the Shire of Ashburton, prepared by Moore Stephens (WA) Pty Ltd, 13 December 2016.

Key:

IS - AM - Airport Manager, SCD - Strategic & Community Development, EO-CEO - Executive Officer - Office of the CEO, CSO - CEO Councillor Support Officer, CS - Corporate Services, CSD - Corporate Services Director, CSFC - Corporate Services Finance Coordinator, CS-SC Corporate Services Support Coordinator (Tom Price), CS - LAM - Library & Administration Manager, CS - MIS - Corporate Services Manager of Information Services, DRS - Development & Regulatory Services, EMC - Emergency Management Coordinator, DSCD - Director Strategic & Community Development, CS - FM - Finance Manager, GES - Governance and Executive Services, GES - GM Manager of Governance & Corporate Strategy, IS - MSAM - Manager of Strategic Asset Management, MC&T - Manager Communications & Tourism, SCD - MCS - Manager Community Services, OD - Organisational Development, CS - PC - Procurement Coordinator, RC - Records Coordinator, S&WC - Safety & Wellbeing Coordinator, SODA - Senior Organisational Development Advisor, SCD-MCS - Strategic & Community Development Manager of Community Services

Paragr	aph	Matter Noted		Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
6.2.1 (1)		Risk recording and reporting is not currently occurring as required by Risk Management Policy.	We suggest risk recording and reporting be undertaken in accordance with the Risk Management Policy.	CS-LAM OD-S&WC	COMPLETED – New policy created along with relevant procedures – Adopted July 2017	Completed	Costs met by the pool scheme funds
6.2.2 (2)	Management	We note the rating of consequences of risks does not consider the context in which the risk is being assessed.	We suggest the use of percentages when assessing consequences to enable the risk rating to be based on the context of the assessment being undertaken.	CS-LAM OD-S&WC	COMPLETED – Considered and implemented with a percentage and numerical rating system. See new Risk Management Profile and Reporting tool that forms part of the new Risk Management Framework	Completed	
6.2.3 (3)		Currently, no policy on internal controls has been adopted by Council.	We suggest an Internal Control Policy be formulated and adopted to formalise Council's commitment to internal controls, based on a risk management process.	GES	COMPLETED – This item has been reviewed by the CEO in conjunction with, Ron Back. CORP 5 Risk Management Policy addresses the area of internal Control so no policy required.	Completed	Nil

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Paragr	aph	Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
6.2.4 (4)	Legislative Compliance Policy	Currently, no policy on legislative compliance has been adopted by Council. We acknowledge a Governance Manual is available on the Shire website and covers the relevant matters, the administrative status of this document is however not clear.	legislative compliance.	CS-LAM	COMPLETED Auditors have confirmed it is not a legislative requirement but a recommendation for "Best Practice" to ensure compliance is achieved. Governance Officer and Admin Manager have conducted extensive research, WALGA have provided essential feedback (email on request) stipulating no policy required given we have compliance systems in place, such as the automated Compliance Calendar and the CEO should also be assessed on the organisations achievement of compliance with the annual DLG Compliance Annual Report (CAR). Acting AM has reviewed other Local Governments Policies in this area, can produce an example if required.	Completed	Nil
6.2.5 (5)	Occupational, Health and Safety Policy	Currently, no policy on occupational safety and health has been adopted by Council. We acknowledge a Policy is contained within the Occupational Safety and Health Manual.	We suggest an Occupational Safety and Health Policy be formulated and adopted to formalise Council's commitment to occupational safety and health.	CS–LAM OD – S&WC	COMPLETED - EMP17 Occupational Safety & Health Management Directive – Approved EMTT 3/11/2016	Completed	Nil

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Paragra	aph	Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
6.2.6 (6)	FIN12 Purchasing Policy	We note the following matters in relation to the policy: Requirements where an exemption for calling tenders applies are not provided within the Policy. It is not apparent if the exemption for calling public tenders from WALGA Preferred Suppliers under paragraph 9 of the Policy requires multiple quotations as is the case for lower value purchases in accordance with paragraph 15 and 18. Paragraph 16 refers to the use of Panel Tenders for purchases over \$150,000, this is not provided for or mentioned elsewhere in the Policy. No reference to Policy FIN19 Panels of pre-qualified suppliers is made within the Policy.	Regulation 11 of the Local Government (Functions and General) Regulations 1996.	CS-PC	COMPLETED – Policy modifications made. EMTT Reviewed. Agenda item adopted at November Council meeting.	Completed	Nil
6.2.7 (7)	FIN12 Purchasing Policy	We note there are no requirements stated for instances where the scope of a contract is amended or extended.	We suggest the Policy be amended to provide requirements where there is an extension or variation of a contract's scope after a contract is signed.	CS-PC	COMPLETED – Policy modifications made. EMTT Reviewed. Agenda item adopted at November Council meeting.	Completed	Nil
6.2.8 (8)	Assessment	We noted the Policy was last reviewed on 9 December 2015 and makes reference to clauses in FIN12 which have subsequently been amended.	We suggest the Policy be reviewed and amended for changes in legislation and other associated policies.	CS-PC	COMPLETED - Policy adopted 14 March 2017 OMC	Completed	Nil

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Paragraph		Matter Noted	·	Department/		completion	Potential Additional Costs
-	Rating of Improvements on Mining Tenements and Petroleum	We note the Policy was last reviewed by Council in 2014 and was developed in 2012 in response to a Policy of the Minister for Local Government to standardise the application of GRV rating of resource projects for a three year trial period.		CSD CS-FM	COMPLETED - Modifications approved by Council as part of the December 2016 Review.	Completed	Nil
0	of Pre- Qualified Suppliers Policy	We note the Policy does not contain provisions in relation to how the local government will ensure clear, consistent and regular communication between the local government and pre-qualified suppliers, as required by the regulations.	We suggest the Policy be amended to set out all required matters.	CS-PC	COMPLETED – Policy modifications made. EMTT Reviewed. Agenda item adopted at November Council meeting.	Completed	Nil
1		We note there is no requirement within the Policy to utilise risk management techniques in the management of Shire assets.	We suggest the Policy be amended to require the use of risk management techniques in the management of Shire assets.	IS-MSAM	COMPLETED – Policy ENG 09 has been amended to include Risk Management techniques. Adopted 13 March 2018	Completed	Nil
6.2.1 2 (12)	Licence	We note the Policy was reviewed in December 2014. The Policy details set fee levels for various organisations for both leases and licenses. However, the setting of fees and charges is required to be done annually when adopting the annual budget by an absolute majority of Council (s6.16 (3) of Local Government Act 1995).	We suggest the Policy be reviewed, and levels of fees removed from the Policy.	SCD	COMPLETED - As fees are still relevant and are listed for and specifically referred as guide only (they do not purport to set the fees) – therefore a decision has been made to keep them for transparency	Completed	Nil

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Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses		Potential Additional Costs
6.2.1 3 (13)	Community Lease and	We note license fees do not appear to have been limited to the cost of providing the service as required by s6.17 (3) of <i>Local Government Act</i> 1995.	We suggest controls be developed to ensure license fees do not exceed the cost of issuing the license or providing the service.	SCD CS-FM	COMPLETED the licence fees referred to are not the licence fees that relate to S6.16 of the Local Government Act but licence fees permissible under the Land Administration Act as though they operated as a 'lease', therefore the concerns are not relevant or valid	Completed	NIL
	Workforce Plan	No Workforce Plan was available.	We suggest a Workforce Plan to be developed for adoption by Council.	OD	COMPLETED - Organisational Development have developed a Work Force Plan, Updated as of 30 June 2017 by the OD Projects Coordinator.	Completed	WAGES
7.1.2 (15)		We noted the Strategy does not include and assessment of risks associated with the delivery of assets to the community.	We suggest a formal assessment of risks in relation to the delivery of asset services to the community be included in the Asset Management Strategy or Asset Management Plans (to be developed).	IS-MSAM	COMPLETED – Asset Management Strategy July 2017 including assessment of risks (pg. 38-41) adopted at September Council meeting.	Completed	\$100,000 Budget allocation
7.1.3 (16)		We note the Shire has not developed formal asset management plans.	We suggest an Asset Management Plan be developed for adoption by Council.	IS-MSAM	COMPLETED — Current Asset Management Plan is adequate and compliant, however in line with the ISO 55000 IBWEA NAMS Plus Standards, we are revising each area of the plan to have a more comprehensive final document. This includes preparing each area of the plan for presentation to Council over the next 12-18 months.	Completed (ongoing)	As per 7.1.2 above
7.1.4 (17)		We note the Local Emergency Management Arrangements have not been reviewed in accordance with the requirements of the arrangements.	We suggest the Local Emergency Management Arrangements be reviewed in accordance with each of the documents.	DRS-EMC	COMPLETED - EMC has reviewed documentation and are current. Reviews are to be every 5 years if significant changes are required, otherwise arrangement stands.	Completed	NIL

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Paragra	aph	Matter Noted	•	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
(18)	Emergency Management	'Confidential Draft' yet is signed by the chairperson of the LEMC.	We suggest controls be developed to ensure confidential documents are not made available on the Shire website. We also suggest standard procedures be developed to accurately show the status of documents and plans.	GES-MC&T	COMPLETED – Website version corrected. GES to review and implement controls proposed.	Completed	NIL
(19)	Continuity	Management Plan has been partially	We suggest the Business Continuity Management Plan be finalised and approved.	CS – D CS - AM	COMPLETED – Plan completed in November 2017 and distributed to organisation via AIMS.	Completed	Nil
	Keeping Plan		We suggest when the record keeping plan is next reviewed an assessment of risks be undertaken in accordance with the Risk Management Policy.	CS-RC	COMPLETED Full Plan review due in 2021. State Records Office have confirmed that the only risk assessment that is required within the Shires Recordkeeping Plan (due in 2021) is a Records Emergency Management Plan - Risk Assessment. Moore Stephens confirmed no need to review until due date of 2021.	2021 – form part of next review	NIL
	Management Framework	The Risk Level Matrix and	To avoid possible misinterpretation of rated risks, we suggest the development of one context based risk level matrix and assessment criteria to be used for all risk assessments.	CS-LAM OD-S&WC	COMPLETED - New CORP 5 Policy and subsidiary Risk Management Framework procedures have been created and finalised. Approved by ARC and adopted by Council July 2017 OMC	Completed	NIL

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Paragr	aph	Matter Noted	·	Department/			Potential Additional Costs
7.2.2 (22)	Documented Procedures	Limited documented procedures currently exist.	Opportunities exist to improve standard operating procedures and ensure they are documented and key controls clearly identified. Once these procedures are developed and implemented, they require constant monitoring for adherence and to ensure they are effective.	CEO Directors CS OD	COMPLETED – (ongoing) All staff positions are completing procedure manuals for their areas of responsibility. These manuals are constantly updated on an as-needs basis. This is monitored and managed by the relevant Supervisor/Manager/Director at each Performance review to ensure currency. Update to the next ARC with the view to have a manual commenced for each position. Procedure Manual Data base rolled out to each Directorate for dissemination to relevant Supervisors/Managers to monitor.	Completed (Ongoing)	NIL
7.2.3 (23)	Finance Department Procedures	We note the following matters in relation to the documented procedures: Key controls such as the prior authorisation of general journals, authorisation of creditor invoices for processing and payment and authorisation of credit limits for debtors are not documented within the procedures. Documented procedures for the processing of payroll are not included within the procedures.	We suggest the procedures be modified to clearly identify all key control requirements and procedures for processing and authorisation of payroll be documented.	CS-FM CS – FC OD	COMPLETED – A new Finance Procedure Manual has been created with the assistance of a Consultant.	Completed	\$4,398.90
7.2.4 (24)	Draft Procurement Coordinator Procedure Manual JA71	We note the Tender Register is only required to be completed as the final stage of the tender procedure.	We suggest the Tender Register be completed at each stage of the tender process, to help ensure all tenders called are recorded within the Register at all times.	CS-PC	COMPLETED - Procurement has an internal Tender Register containing all details from beginning to end (both on AIMS and hard copy), there is also the Public Tender Register which contains the details as per our legislative requirement.	Completed	Nil
7.2.5 (25)	EMP24 Credit Card Management Procedure	We noted the list of current credit card holders is not up to date, as required by the procedure.	We suggest the list of current credit card holders is updated.	CS-FM	COMPLETED	Completed	Nil

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Paragraph				Responsible Department/ Position		completion	Potential Additional Costs
7.2.6 (26)	Checklists	Checklists of key functions are not maintained.	Creation of standard checklists may assist in evidencing key points of control.	SoA CEO - GM	COMPLETED – Key checklists exist, however the bulk of each positions responsibilities is and will be addressed with the Position Procedure Manuals. See 7.2.2	Completed	Nil
	Workflow diagrams	Workflow diagrams have not been compiled.	In conjunction with the development of documented procedures and checklists, development of workflow process diagrams may assist in clearly identifying controls and processes to be followed.	CS OD SoA	COMPLETED – Workflow diagrams are not suitable in all areas of the organisation. Diagrams are existing in Finance, Procurement and Governance embedded within the relevant positions Procedure Manuals to ensure corporate knowledge is maintained.	Completed	\$
7.2.8 (28)	Procedures for the raising of Landing Fees	We noted no independent procedures exist for monitoring aircraft passenger numbers in order to raise landing fees. We view the current system of relying on the airline to report the number of flights and passengers as inappropriate.	We suggest procedures and processes be developed to ensure passenger numbers are independently verified before raising the fee.	IS-AM	COMPLETED NOTE: Landing fees are based on the weight of the planes and are monitored by AVDATA who are an independent company engaged by the Shire. Passenger Head Tax are the fees paid by the airlines to the SoA. These are generated on a monthly basis by the airlines based on the passenger numbers. The only way to monitor/verify this process would require a SoA staff member permanently based at the airport counting passengers for each flight. This is a common practice in all airports and is an "honour system". The recommendation is noted and a procedure will be created and implemented whereby "random" passenger counts will be undertaken by SoA staff and used to verify the fees paid each month. Confirmed that passenger numbers are provided as a monthly total and not on a flight by flight basis. Every flight in a reporting period would need to be counted to enable a verification. This is not practicable given costs.	Completed	Nil

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Paragraph		Matter Noted	•	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
	Specific Risk	been undertaken for a current major	undertaken in accordance with the	SoA IS SCD	COMPLETED –Addressed in the new Risk Management Framework/Procedures	Completed	Nil
		performing functions on behalf of the Shire.	We suggest an expansion of the scope of the Code of Conduct to include actions by volunteers and contractors. Alternatively, a separate Code of Conduct be developed for volunteers and contractors.		COMPLETED –THG Consultant is no longer covering this area. Amendments to be made to the existing Policy ELM04 to mention Volunteers and Contractors by Governance. Adopted at 23 April 2018 OMC.	Completed	Nil
(31)	Safety and Health Manual EMP17	contractors. However, there is no	33	OD-S&WC CS - PC	PROGRESSING-COMPLETED- Contractors' induction pack including: Procedure/Checklist and Policy created by the Safety & Wellbeing Team. Die to be rolled out in the New Yearcurrently being considered by S&WB Team in consultation with stakeholders including Acting OD Manager and Procurement. Also see Item 7.3.4. RFQ 50.18 for Business Management Systems was requested from the WALGA Pre-Qualified Suppliers for a software system to include the provision of all Health & Safety including inductions. This is currently under evaluation with presentation to Council planned for October OMC.	December 2018 Completed	Nil

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Paragi	raph	Matter Noted	•	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
7.3.3 (32)	Experienced Staff	have a sound understanding of the requirements of their roles. We noted cases where, due to external limitations, current staff have been elevated to	Key positions should be reserved for staff with relevant experience and qualification and where this is not possible, formal training and development plans should be mandated.	SoA	COMPLETED - Noted – for implementation on an "as needs" basis.	Completed	Combined with 7.1.1
7.3.4 (33)	Staff Training		We suggest the Training Needs Analysis and Register be updated with procedures implemented to ensure licences/skills accreditations remain current.		PROGRESSING COMPLETED — ELMO has failed to produce in this area. Acting OD Manager is in the process of drafting a request for a new software program. The outcome of this process will be put to Council for award in the second half of 2018. Following this, a risk based training needs analysis and training audit will be completed. This software package includes the provisions for staff, volunteers and contractors (addressing Item 7.3.2) RFQ 50.18 for Business Management Systems was requested from the WALGA Pre-Qualified Suppliers for a software system to include the provision of all Health & Safety including inductions. This is currently under evaluation with presentation to Council planned for October OMC. This system will replace ELMO-Unfortunately insufficient responses were received prompting this request to become a public RFT in the New Year.	December 2018 Completed.	Nil

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Paragraph		Matter Noted	·	Responsible Department/ Position	Responses	completion	Potential Additional Costs
7.5.1 (34)	Information Systems Plans	We noted an IT Disaster Recovery Plan and IT Security Plan are in place, but have never been tested.	We suggest the IT Disaster Recovery Plan and IT Security Plan be tested.	CS-MIS	COMPLETED - With the changes we are making with Telstra to our network, our Disaster Recovery process will change dramatically. Once the changes are complete, the process will be much less labour intensive and more automatic. The Telstra estimate for completion 6 months, so the schedule the test is set for the Christmas break.	Completed	Nil
7.5.2 (35)	IT Resources	No policy in place for the use of Shire IT equipment for private use.		CS-MIS OD	COMPLETED – EMP14 Equipment & Key Directive has been completed 21 December 2017	Completed.	\$Nil
8.1.1 (36)	Risk Register	We noted risks documented within Council Meeting minutes are not maintained within a risk register.	We suggest risks documented within Council Meeting Minutes are recorded within the risk register.	GES - GM	COMPLETED – All risks are identified and monitored within our CORP5 Risk Management Policy Risk Profile and Reporting Tool managed by Governance.	Completed	Nil
	Minutes of Executive Management Group Meetings	No minutes of the Executive Management Group meetings were available for inspection.	We suggest minutes of the Executive Management Group meetings be maintained with risks, internal control and legislative compliance weaknesses identified in the minutes.	GES - EO	COMPLETED Minutes are documented and recorded in secure file GV27.	Completed	Nil
8.3.1 (38)	Risk Register	We reviewed a draft register and noted it is not being maintained up to date.	Risk Register to be reviewed/updated on a regular basis.	GES - GM	COMPLETED – Corporate Risk Register updated and to be maintained by Governance Manager	Completed	Nil

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Paragraph		Matter Noted	•	Responsible Department/ Position	Responses	completion	Potential Additional Costs
8.3.2 (39)	OSH Audit Response Register	We note the register contains 29 recommendations rated as high priority. Of these only 4 recommendations are recorded as complete. No dates are provided as to when the audit was undertaken or when the recommendations were finalised.	We suggest recommendations are dated to assist in following up on long outstanding matters.	OD-S&WC	COMPLETED There are 129 recommendations total, 66 in progress, 8 not started, 47 complete, 8 awaiting other action. More detail can be provided if required. It should be noted not all recommendations are practical or necessary to implement. It should also be noted of those recommendations the "in progress" can include those that have been fully implemented in high risk departments but not completed elsewhere due to competing priorities. S&WC to implement recommendations.		Nil
8.3.3 (40)	Incident Register	We note the register does not record any follow up measures to help prevent re-occurrence of incidents.	We suggest the Register records actions to be taken to help prevent re-occurrence of incidents.	OD-S&WC	COMPLETED The Action Register in system STEMS records all proactive and reactive actions (controls) following incidents; scheduled inspections; ad hoc observations and hazard reports etc. Auditors did not review this program.	Completed	Nil
8.5.1 (41)	Employee Complaints / Grievance Handling	We note there are no procedures to ensure employee complaints remain confidential, recorded and responded to appropriately.	We suggest a documented procedure be developed to ensure all employee complaints are logged and followed up to ensure they are resolved.	OD-MOD	COMPLETED - EMP16 Grievances, Investigations and Resolution Management Directive modified accordingly (refer to Executive Team Meeting 1/12/2016). EMP22 Discrimination, Harassment and Bullying Management Directive modified accordingly (refer to Executive Team Meeting 24/11/2016)	Completed	Nil
8.5.2 (42)	Community Complaints Handling	for community complaints in relation to assets, there are no procedures to ensure general community	We suggest a documented procedure be developed to ensure all community complaints are logged and forwarded to the appropriate officer then followed up to ensure they are resolved.	CS-LAM GES CEO - GM	COMPLETED- New Council Policy adopted by Council 21/9/17 and implemented December 2017.	Completed	NIL

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	3.6.1 li 43)		been appointed, and limited internal audit functions have been undertaken.	We suggest that as the level of documented procedures increases, an expanded internal audit function to confirm adherence to documented policies and procedures may be required.		COMPLETED - Suggestion noted and included in the 2017/18 Budget. CEO's intention to establish a permanent internal auditor in the 2018/2019 Financial Year.	Completed	Nil



CORPORATE BUSINESS PLAN

QUARTERLY STATUS REPORT
DECEMBER 2018

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Shire of Ashburton Administration Centre 246 Poinciana Street PO Box 567, Tom Price, WA, 6751 T (08) 9188 4444 F (08) 9189 2252

ashburton.wa.gov.au

Capital Program

A number of projects are forecast to be undertaken during the life of the Plan, which result in additional capital expenditure. The projects include new, expansion, upgrade and renewals of assets and are detailed in the forecast capital expenditure provided in the Long Term Financial Plan (LTFP).

A number of the projects listed in the LTFP are reliant on external contributions, should these not be received the project may be deferred until adequate funding is available.

Key projects included within this Plan are:

Action	Project
1.2.4.2	Tom Price Youth and Community Facility
1.3.1.3	Develop Child Care Facilities in Tom Price
1.3.1.4	Construction of the Paraburdoo CHUB
3.2.3.2	Development of Pilbara Regional Waste Management Facility
4.1.2.1	Tom Price Administration Building Upgrade
4.1.2.2	Plan and develop Onslow Marina
4.2.1.3	Road Infrastructure upgrades and renewals
4.2.5.2	Development of Emergency Services Precinct in Tom Price

Service Delivery

The Shire of Ashburton delivers services to its community in line with its values and the five key strategic goals set out within the Strategic Community Plan 2017-2027. Each of the five goals has several outcomes the Shire seeks to achieve over the 10+ years of the Strategic Community Plan.

The table below summarises the desired outcomes under each of the five key strategic goals. Strategies and detailed actions to achieve these outcomes have been developed and are detailed on the following pages. As the Shire strives to achieve these outcomes, the community will be kept informed of the progress by means of the Annual Report.

Objectives	Desired Outcomes
Goal 01 Vibrant and Active Comm	unities
01: Connected, caring and engaged communities	People feel connected and actively involved in the community
02: Sustainable Services, Clubs, Associations and Facilities	High levels of community involvement in supporting clubs and organisations to be successful and sustainable, while optimising community facility use
03: Quality education, healthcare, childcare, aged care and youth services	A cohesive approach to service development, delivery and access to quality education, healthcare, childcare, aged care and youth services and facilities.
04: A rich cultural life	High levels of community appreciation for, and involvement in Arts and Cultural activities
Goal 02 Economic Prosperity	
01: Strong local economies	A diverse and strong economy
02: Enduring partnerships with industry and government	Industry and government actively engaging with local communities and economies
03: Well-managed tourism	Sustainable tourism activity benefitting local economies and the Shire as a whole
Goal 03 Unique Heritage and Envi	ronment
01: Flourishing natural environments	The integrity of the Shire's natural environments are maintained
02: Leading regional sustainability	The Shire of Ashburton supports and implements best practice sustainability practices
03: Celebration of history and heritage	The Aboriginal and European history and heritage of the Shire is celebrated and valued
Goal 04 Quality Services and Infra	astructure
01: Quality public infrastructure	Adequate, accessible and sustainable public infrastructure
02: Accessible and safe towns	Transportation into and throughout towns are improved
03: Well-planned towns	Distinctive and well-functioning towns
Goal 05 Inspiring Governance	
01: Effective Planning for the Future	Ensure that Shire resources are optimally applied to achieving community outcomes, whilst maintaining financial sustainability
02: Community ownership	An engaged and well-informed constituency
03: Council leadership	Council effectively governing the Shire, demonstrating effective governance and town leadership.
04: Exemplary team and work environment	Highly-functioning Shire team that effective manages the Shires resources to build strong communities

The following tables reflect the future actions to be undertaken for each strategy. The prioritisation of the actions is reflected by a square indicating when the action is planned to be undertaken, or an arrow if the action will continue or be undertaken in the years beyond the four years of this Plan.

Connected, caring and engaged communities Objective 1.1 Outcome

People feel connected and actively involved in the community

STRAT	STRATEGY		8	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
1.1.1	Encourage and provide a range of opportunities to community members and stakeholders to inform and participate in decision making	1.1.1.1	Develop communication and engagement strategy	Strategy to be developed in line with ADM08 Community Engagement Policy (first quarter 2019).	•	TBA			
		1.1.1.2	Engage community and stakeholders in accordance with Communication and Engagement Strategy	Community Survey planned for first quarter 2019 as part of desktop review for Strategic Community Plan, can be incorporated.	0	•	•	•	\$10,000
1.1.2	Establish a strategic approach to community development planning that focuses on building social capital, developing community capability and addresses social isolation and dislocation of all residents across the Shire	1.1.2.1	Undertake strategic planning to ensure integration of informing plans for adequate resourcing and service delivery	The Shire's current Integrated Planning Framework comprises of up to date strategic documents to assist service delivery requirements		•	•	•	Ongoing
1.1.3	Continue to develop programs that welcome and induct new residents and transient workers into their host communities; Engage and celebrate	1.1.3.1	Continue to develop programs welcoming new residents and transient workers into the community	Community Showcase/Welcome Event held Oct 2018, next show case planned early 2019		•	•	•	\$39,500

Objective 1.1 Outcome

Connected, caring and engaged communities

People feel connected and actively involved in the community

STRATEGY	ACTIONS	•	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
local culture, both Indigenous and non-Indigenous		Engage and celebrate local culture, both Indigenous and non-Indigenous	Naidoc Activities held in July/August 2018		•	•	•	\$32,000

Objective 1.2

Outcome

Sustainable Services, Clubs, Associations and Facilities

High levels of community involvement in supporting clubs and organisations to be successful and sustainable, while optimising community facility use

STRA	TEGY	ACTIO	NS	PROJECTS	2018/ 19	2019/20	2020/21	2021/22	Budget allocation
1.2.1	Develop and implement a cohesive, whole Shire strategy to encourage and support club and community group development through a focus on increased volunteerism and capacity building that utilises the skills and experience of residents and visitors	1.2.1.1	Develop and implement a cohesive strategy to encourage and support club and community group development	Strategy developed for Tom Price, Paraburdoo and Pannawonica through RTIO Partnership. Opportunity to revise and incorporate Onslow. The Shire hosted Regional Club Development meeting in November to address reginal a collaborative approach.		•	•	•	Partnerships
1.2.2	Review existing club and community organisations' governance and operating processes to identify possible synergies, collaborations or alternative models that can increase community involvement, reduce workloads and increase sustainability	1.2.2.1	As per action 1.2.1.1	As above			•	•	Partnerships
1.2.3	Collaborate with industry to encourage FIFO participation in their host communities through a concerted campaign to increase engagement in community activities; leisure and recreation pursuits	1.2.3.1	Collaborate with partners, key stakeholders and other organisations where appropriate	Collaboration with Sodexo for events to incorporate FIFO inclusion. All event flyers shared with lifestyle coordinator at Sodexo to increase promotion within the camp FIFO community.		•	•	•	Partnerships
1.2.4	Prepare plans, programs and schedules that provide cost effective access and optimisation of existing community facilities – and provide new	1.2.4.1	Seek to deliver community facility services and outcomes within resource capacity	As per 1.2.1.1	9	•	•	•	Partnerships
	or upgraded facilities to accommodate future needs	1.2.4.2	Provide community facilities as per asset management planning	Sports courts upgrades completed July 2018. CHUB on track for December 2018	9	-	•	-	Multiple

Objective 1.3

Outcome

Quality education, healthcare, childcare, aged care and youth services

A cohesive approach to service development, delivery and access to quality education, healthcare, childcare, aged care and youth services and facilities

STRAT	EGY	ACTIONS		PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
1.3.1	Play a leadership role in advocating to, and engaging with, relevant government and private sector stakeholders to foster a whole of Shire approach to the provision of quality education, training, healthcare, childcare, aged care, youth services and facility provision.	1.3.1.1	Continue to advocate on behalf of the community	In collaboration with the President, the CEO and Directors to advocate directly with corporate partners, Federal and State governments to promote improved service delivery across the Shire		•	•	•	NA
	youth services and facility provision.	1.3.1.2	Provision of aged care services and housing	Planned 19/20		•	•		NA
		1.3.1.3	Develop child care facilities in Tom Price	RFT 08.18 awarded to HCP for the Architectural design phase, has now commenced and is progressing. Council has lodged a Building Better Regions Fund (BBRF) application for part funding. The Shire and RTIO still need to determine an ongoing operational commitment by RTIO to the facility.					\$250,000
		1.3.1.4	Construction of the Paraburdoo CHUB	RFT 17.17 under construction, completion due December 2018					\$9,528,914

Objective 1.3 Outcome

Quality education, healthcare, childcare, aged care and youth services

A cohesive approach to service development, delivery and access to quality education, healthcare, childcare, aged care and youth services and facilities

STRAT	EGY	ACTION	S	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
1.3.2	Ensure the needs of changing communities are understood, planned and budgeted for and contributed to by government, industry and the private sector.	1.3.2.1	As per action 1.1.2.1	The Shire's current Integrated Planning Framework comprises of up to date strategic documents including SCP, CBP, WFP, AMP's and the LTFP to assist service delivery requirements		•	•	•	Ongoing

Objective 1.4 Outcome

A rich cultural life

High levels of community appreciation for, and involvement in Arts and Cultural activities

STRAT	STRATEGY		RATEGY ACTIONS		PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
1.4.1	Encourage and support community involvement with and appreciation of, arts and culture	mmunity involvement with support community		In collaboration with the President, the CEO and Directors to advocate directly with corporate partners, Federal and State governments to promote support community involvement with and appreciation of, arts and culture.		-	•	•	\$120,000	
1.4.2	Develop and deliver a whole of Shire Cultural Plan that includes 'place management' approaches	1.4.2.1	Develop and deliver a whole of Shire Cultural Plan	Economic & Tourism Strategy currently under construction addressing cultural link.		•	•	•	Previous allocation	
1.4.3	Continue to work collaboratively with the community to deliver town events	1.4.3.1	Continue to work collaboratively with the community to deliver town events	Multiple events planned and held throughout the 18/19 year including School Holiday activities, Anzac Day, Australia Day, NAIDOC, Nameless, Onslow Gala Ball, Passion in the Pilbara and Harmony Day. Club development officers working with community groups and NFP's to lead out on additional events.		•	•	•	Multiple	
1.4.4	Increase opportunities for children, youth and Indigenous residents to be part of the wider community	1.4.4.1	As per Action 1.4.2.1	Tourism Strategy currently under construction		•	•	•	Previous allocation	
1.4.5	Continue to foster industry and government social investments and participation in community arts and cultural initiatives	1.4.5.1	As per Action 1.4.2.1	Strengthening relationships with key stakeholders. Plans to collaborate with organisations on future cultural activities. Karijini Experience is the region's biggest cultural initiative. Trails forum planned for early 2019.		•	•	•	Multiple	

Objective 2.1

Strong local economies

Outcome

A diverse and strong economy

STRAT	EGY	ACTION	IS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
2.1.1	Develop local capability and capacity to understand and adapt to economic trends and better meet needs of local businesses	2.1.1.1	As per action 2.2.2.1	As part of Economic & Tourism Development Strategy. PICCI is also working on a capability statement for inland Pilbara businesses and OCCI has one for Onslow and the Coast.		•	•	•	Previous allocation
2.1.2	Develop policies and programs to support existing businesses and encourage business attraction to meet the changing needs of local and regional areas	2.1.2.1	As per action 2.2.2.1	Being considered high priority as per Economic & Tourism Strategy. Have attracted interest in a couple of industry development workshops to Tom Price.		•	•	•	Previous allocation
2.1.3	Proactively engage with government and industry to support business development and community enterprise and to plan for present and future training and employment needs	2.1.3.1	As per action 2.2.2.1	As above, some workshops have occurred, working in collaboration with community stakeholders to hold more throughout the Financial Year.		•	•	•	Consultancy
2.1.4	Facilitate timely release of land to support the local economy	2.1.4.1	Facilitate timely release of land to support the local economy	Continue to liaise with corporate partners, Federal and State governments to identify and promote land release where available.		•	•	•	NA

Objective 2.2

Enduring partnerships with industry and government

Outcome

Industry and government actively engaging with local communities and economies

STRAT	EGY	ACTION	IS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
2.2.1	Partner with industry and government to target their investment in stimulating more diversified business and economic development to benefit communities and the local economy	2.2.1.1	Advocate for more diversified business and economic development in accordance with Economic Development Strategy	Draft Economic Development Strategy is to be circulated to Councillors for more feedback with intention to recommend adoption in the first quarter of 2019.		•	•	•	\$43,483
2.2.2	Develop a Shire Economic Development Strategy that includes engagement with industry and government to support local economic development initiatives	2.2.2.1	Develop and implement Shire Economic Development Strategy	As above		•	•	•	As above

Obje Outo	octive 2.3	Well-managed tourism Sustainable tourism activity benefiting local economies and the Shire as a whole									
STRA	TEGY	ACTIO	NS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation		
2.3.1	Work with the tourism industry, key stakeholders and agencies to collaboratively develop a regional Tourism Strategy that promotes the unique Pilbara offering of distinctive landscapes, seascapes and communities.	2.3.1.1	Develop Tourism Strategy	Council adopted the <i>Tom Price Visitor</i> Centre Tourism Strategy at the November OMC with the overarching Economic & Tourism Strategy still under construction planned for the first quarter of 2019.		•	•	•	As per 2.2.1.1		
2.3.2	Continue to plan for, invest in, and advocate for the development of key tourist infrastructure including increased accommodation options; tourism attractions and signage	2.3.2.1	Continue to plan for, invest in, and advocate for the development of key tourist infrastructure in accordance with Tourism Strategy	Work in Progress – currently in consultation stage with presentation set for first quarter of 2019. The Shire has supported many RED and BBRF grants to support infrastructure development		•	•	•	As above		
2.3.3	Explore Aboriginal tourism opportunities	2.3.3.1	Encourage Aboriginal tourism opportunities in accordance with Tourism Strategy	Work in Progress – currently in consultation stage with presentation set for first quarter of 2019. Aboriginal Tourism experiences being considered.		•	•	•	As above		
2.3.4	Plan for improved tourism accommodation, camping grounds and associated facilities	2.3.4.1	Plan for improved tourism accommodation, camping grounds and associated facilities in accordance with Tourism Strategy	Will form part of the Strategy, but also incorporates large project of Tom Price Tourist Bay. SoA also provided letters of support for State Funding programs towards improved and increased accommodation.		•	•	•	\$478,600		

•	ective 2.3 come	Well-managed tourism Sustainable tourism activity	benefiting local economies and the Sh	ire as a v	whole			
STRA	ATEGY	ACTIONS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
2.3.5	Engage with industry to manage the interface with tourism to optimise opportunities and minimise competing interests	2.3.5.1 As per action 1.1.1.1	Council adopted the <i>Tom Price Visitor</i> Centre Tourism Strategy. Implementing enhanced online booking services including website visitor guide. Shire is also facilitating workshops where operators can network, connect and establish opportunities.		•	•	•	Multiple

Objective 3.1

Flourishing natural environments

Outcome

The integrity of the Shire's natural environments are maintained

STRAT	EGY	ACTIONS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
3.1.1	Partner with government agencies, industry, traditional owners, non-government organisations, local governments, research institutions, pastoralists and the community to better manage natural assets and deliver improved conservation outcomes that reflect the region's high biodiversity and landscape values	3.1.1.1 Advocate for the protection of natural assets and sustainable use of resources and utilities	Whole of Shire ongoing action. The Shire is also investigating its participation in Geotourism projects		•	•	•	NA
3.1.2	Improve recreational access to natural environments with a focus on signage, access and safety	3.1.2.1 Improve recreational access to natural environments with a focus on signage, access and safety	Ian Blair Boardwalk Signage – currently with designers for final draft before construction of signs and installation		•	•	•	\$146,116

Objective 3.2

Leading regional sustainability

Outcome

The Shire of Ashburton supports and implements best practice sustainability practices

STRAT	EGY	ACTION	ıs	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
3.2.1	Promote and encourage protection of natural assets and sustainable use of resources and utilities	3.2.1.1	As per Action 3.1.1.1	Whole of Shire ongoing action		•	•	•	NA
3.2.2	Collaborate with State Government and Rio Tinto (the providers of water resources in the Shire) to promote waterwise practices across the Shire	3.2.2.1	Collaborate with stakeholders to promote water-wise practices across the Shire	Continue to encourage providers of water rehouses within the Shire to promote water-wise practices		•	•	•	NA
3.2.3	Encourage and implement improved waste minimisation practices, including proactive approaches to recycling and reuse	3.2.3.1	Encourage and implement improved waste minimisation practices	Shire to establish a waste strategy which will address recycling and waste minimisation. This will be included in the contract arrangements for the Pilbara Regional Waste Management Facility.		•	•	•	Multiple
		3.2.3.2	Development of Pilbara Regional Waste Management Facility	RFQ 69.17 awarded to TALIS for consultancy. Waiting on EPA & DWER Department Approvals Review of Entry Design and liaising with Main Roads WA.		•	•	•	\$11,602,548

Objective 3.3

Celebration of history and heritage

Outcome

The Aboriginal and European history and heritage of the Shire is celebrated and valued

STRA	TEGY	ACTION	IS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
3.3.1	Develop strategies to recognise and celebrate the Aboriginal and Non-Aboriginal history and heritage of the Shire, including providing cultural awareness training opportunities	3.3.1.1	Recognise and celebrate the Shire's Aboriginal and Non-Aboriginal history and heritage	Continue to support NADOC week and other celebrations of aboriginal history and culture.		•	•	•	Previous allocation
		3.3.1.2	Support and encourage cultural awareness opportunities	Continue to support NADOC week and other celebrations of aboriginal history and culture.		•	•	•	Previous allocation

Objective 4.1

Quality public infrastructure

Outcome

Adequate, accessible and sustainable public infrastructure

STRA	ATEGY	ACTIO	NS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
4.1.1	Advocate to, and partner with, government to facilitate the development of the Tom Price – Karratha Road to link Tom Price and Paraburdoo to the Pilbara Cities	4.1.1.1	Advocate to, and partner with stakeholders to facilitate the development of the Tom Price – Karratha Road to link Tom Price and Paraburdoo to the Pilbara Cities	In collaboration with the President, the CEO and Directors to advocate for the facilitation of the development of the Tom Price – Karratha Road		•	•	•	NA
4.1.2	infrastructure that serves the current and future needs of the	4.1.2.1	Provide and maintain infrastructure in accordance with asset management plans	Multiple RFQ's and RFT's for renewals and upgrades of roads, drainage, and buildings as per budget.		•	•	•	Multiple
	community, environment, industry and business	4.1.2.2	Plan and develop Onslow Marina	Building Better Regions application has been lodged for a comprehensive marina development along with acceptance of the Department of Transport that the Shire will have care and control of the site should the application be successful.		•	•	•	ТВА
4.1.3	Actively engage with State Government, Aboriginal Corporations and communities to support strategies to effectively manage the planned transition of municipal services in Aboriginal communities (upon the completion of the Aboriginal Communities Review by the WA State Government)	4.1.3.1	Advocate for the provision of appropriate services to all of the community	In collaboration with the President, the CEO and Directors to advocate for support strategies to effectively manage the planned transition of municipal services in Aboriginal communities		•	•	•	NA

Objective 4.1

Quality public infrastructure

Outcome

Adequate, accessible and sustainable public infrastructure

ST	RATEGY	ACTIONS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
4.1	.4 Actively advocate for the effective supply of utilities and services that meet commercial, industrial and retail needs.	4.1.4.1 As per Action 4.1.2.1	Continue to advocate for supply of utilities and services that meet commercial, industrial and retail needs.		•			NA

Objective 4.2

Accessible and safe towns

Outcome

Transportation into and throughout towns are improved

STRAT	regy	ACTION	S	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
4.2.1	Advocate to, and partner with, key government and industry to develop an air strip at Tom Price and improve public transport and roads	4.2.1.1	Advocate and partner with key stakeholders to develop an air strip at Tom Price	Council by resolution agreed to remove all funding and advocate only.					NA
	between the Shire's towns	4.2.1.2	Advocate to improve public transport and roads between the Shire's towns	In collaboration with the President, the CEO and Directors to advocate for improved public transport and roads between the Shire's towns.		•			NA
		4.2.1.3	Maintain and improve road infrastructure in accordance with asset management plans	Multiple road renewal programs for the 18/19 financial year as per budget. Incorporating WANDRRA works currently in progress.		•	•	•	\$9,058,321
		4.2.1.4	Maintain and improve air transport infrastructure in accordance with asset management plans	Multiple projects (7 in total) for the Onslow Airport upgrades as per adopted budget. Includes Airport Hangar – completed.			•	•	\$1,440,000
4.2.2	Continue to improve and maintain condition of footpaths, cycleway, kerbs and signage to provide enhanced amenities and connections with towns	4.2.2.1	Maintain and improve footpaths, cycleway, kerbs and signage in line with asset management planning	Footpath and kerb renewals as planned. Continues to be progressed.		•	•	•	Multiple
4.2.3	Maintain and improved existing public lighting and increase coverage of lighting where appropriate	4.2.3.1	Advocate for improved public lighting where appropriate	Onslow Street lighting project. Multiple Oval lighting upgrades planned.		•	•	•	Multiple

STRAT	TEGY	ACTIONS		PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
4.2.4	Shire to continue to work with police, stakeholders and the community to promote positive crime prevention and safety initiatives	4.2.4.1	Continue to work with police, stakeholders and the community to promote positive crime prevention and safety initiatives	In collaboration with the President, the CEO and Directors to advocate for positive crime prevention and safety initiatives.		•	•	•	NA
4.2.5	Effectively communicate and manage natural hazards, risks and other community emergencies through the development of an emergency management strategy that includes educating stakeholders and community on how to prevent and address emergencies	4.2.5.1	Continue to effectively communicate emergency management plans and educate stakeholders and community on how to prevent and address emergencies	In collaboration with LEMC's, Shire staff and DEFS to improve and implement emergency management strategies that includes educating stakeholders and community on how to prevent and address emergencies.		•	•	•	NA
		4.2.5.2	Development of Emergency Services Precinct in Tom Price	Budget allocation for land release in 18/19 and will also form part of the draft South Road subdivision plan.		•			\$20,000
		4.2.5.3	Develop RFDS Airstrip infrastructure	Advocacy only		•			NA

Objective 4.3

Well-planned towns

Outcome

Distinctive and well-functioning towns

STRA	TEGY	ACTION	s	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
4.3.1	Continue to monitor industry and economic trends and ensure town planning schemes respond appropriately to future housing, accommodation and commercial needs	4.3.1.1	Continue to monitor industry and economic trends and ensure town planning schemes respond appropriately to future housing, accommodation and commercial needs	Local Planning Strategy addressing and incorporating, planned for completion in first quarter 2019.		•	•	•	\$45,392
4.3.2	Ensure any new buildings and developments are sensitive to an integrate appropriately with the natural and built environments	4.3.2.1	Continue to ensure any new buildings and developments are sensitive to, and integrate appropriately with the natural and built environments	Onslow Coastal Process Study will address this area. Due for completion second/third quarter 2019.		•	•	•	\$40,000
4.3.3	Incorporate social planning and ecological sustainable development principles in planning strategies and policies	4.3.3.1	Consider social planning and ecological sustainable development principles in planning strategies and policies	Local Planning Policies under review. Planned for first quarter 2019.		•	•	•	Multiple Consultancy Budgets
4.3.4	Continue to provide and maintain a range of public open spaces with high quality amenities.	4.3.4.1	Continue to provide and maintain a range of public open spaces in accordance with asset management plans	Multiple public spaces and recreational facility upgrades and maintenance programs planned for 18/19 FY as per budget.		•	•	•	Multiple

Objective 5.1

Outcome

Effective Planning for the Future

Ensure that Shire resources are optimally applied to achieving community outcomes, whilst maintaining financial sustainability

STRAT	EGY	ACTIONS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
5.1.1	Ensure the Strategic Community Plan and Corporate Business Plan are used effectively to guide all	5.1.1.1 As per Action 1.1.2.1	SCP and CBP considered and used to drive the final adopted annual budget.		•	•	-	NA
	planning and decision making in the delivery of quality services and facilities	5.1.1.2 Review, update and implement asset management plans	A detailed comprehensive AM plan will be prepared and submitted to council for endorsement by the end of 2019.		•	•	•	Wages
5.1.2	Regular communication and engagement with stakeholders and community to generate a sound understanding, support and buy-in to the Shire's plans and strategies	5.1.2.1 As per Action 1.1.1.1	Survey as planned for early 2019 in line with review periods.		•	•	•	\$10,000
5.1.3	Monitor trends, anticipate needs and capitalise on opportunities to build strong communities	5.1.3.1 As per Action 1.2.4.1	As per 1.2.4.1		•			Partnerships
5.1.4	Develop a Reconciliation Action Plan and seek greater Aboriginal engagement and representation in decision making	5.1.4.1 Develop a Reconciliation Action Plan and seek greater Aboriginal engagement and representation in decision making	Establish a direct liaison with Council to commit to a timeline to commence a Reconciliation Action Plan with greater Aboriginal engagement. Council workshop will be undertaken in first quarter 2019.	0	•	•	•	TBA
5.1.5	Regular monitor, review and revise the Strategic Community Plan and develop a four year Corporate	5.1.5.1 As per Action 1.1.2.1	SCP desktop review planned and budgeted for early 2019 CBP adopted June 2018 and reported		_	_	_	\$10,000
	Business Plan that reflects the evolving community needs and aspirations		every quarter.		•	•	•	Complete for 18/19

Objective 5.2 Community ownership

Outcome An engaged and well-informed constituency

STRAT	EGY	ACTION	IS	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
5.2.1	Ensure equitable and broad representation on committees and in community engagement activities to ensure there is well informed decision making	5.2.1.1	As per Action 1.1.1.1	Strategy to be developed in line with ADM08 Community Engagement Policy.		•	•	•	TBA
5.2.2	Ensure broad participation and diverse representation in research, planning and decision making	5.2.2.1	As per Action 1.1.1.1	Strategy to be developed in line with ADM08 Community Engagement Policy, along with engagement projects planned for 2019.		•	•	•	TBA
5.2.3	Develop a communications and engagement strategy that ensures the provision of quality information on Shire activities and uses modern methods to foster high levels of community awareness and involvement	5.2.3.1	As per Action 1.1.1.1	Strategy to be developed in line with ADM08 Community Engagement Policy, along with engagement projects planned for 2019.		•	•	•	TBA
5.2.4	Be a strong voice and advocate for the local community in regional, state and federal settings	5.2.4.1	As per Action 1.3.1.1	In collaboration with the President, the CEO and Directors, continue to advocate directly with Federal and State governments on local community in regional, state and federal settings		•	•	•	NA

Objective 5.3 Council leadership

Outcome Council effectively governing the Shire, demonstrating effective governance and town leadership

STRAT	EGY	ACTION	ıs	PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
5.3.1	Support and strengthen the effectiveness of Councillors, and educate the community on their roles, responsibilities and achievements	5.3.1.1	As per Action 1.3.1.1	Continue elected representative training through WALGA and internal Shire support.			•	•	Multiple
		5.3.1.2	Support and strengthen the effectiveness of Councillors	As above		•	•	•	Multiple
		5.3.1.2	Seek to educate the community on the roles, responsibilities and achievements of Council	Continue to provide information to local government candidates on the roles and responsibilities of Council. Continue to promote Council achievements through Shire publications and website/social media		•	•	•	Ongoing
		5.3.1.3	Continue to provide quality regulatory services	Continue to provide and improve Shire regulatory services and establish service standards.		•	•	•	TBA
5.3.2	Improve civic engagement and leadership to increase the involvement of under-represented groups including youth, the Aboriginal community and seniors	5.3.2.1	As per Action 1.1.1.1	Strategy to be developed in line with ADM08 Community Engagement Policy.	0	•	•	•	TBA

Objective 5.4 Outcome

Exemplary team and work environment

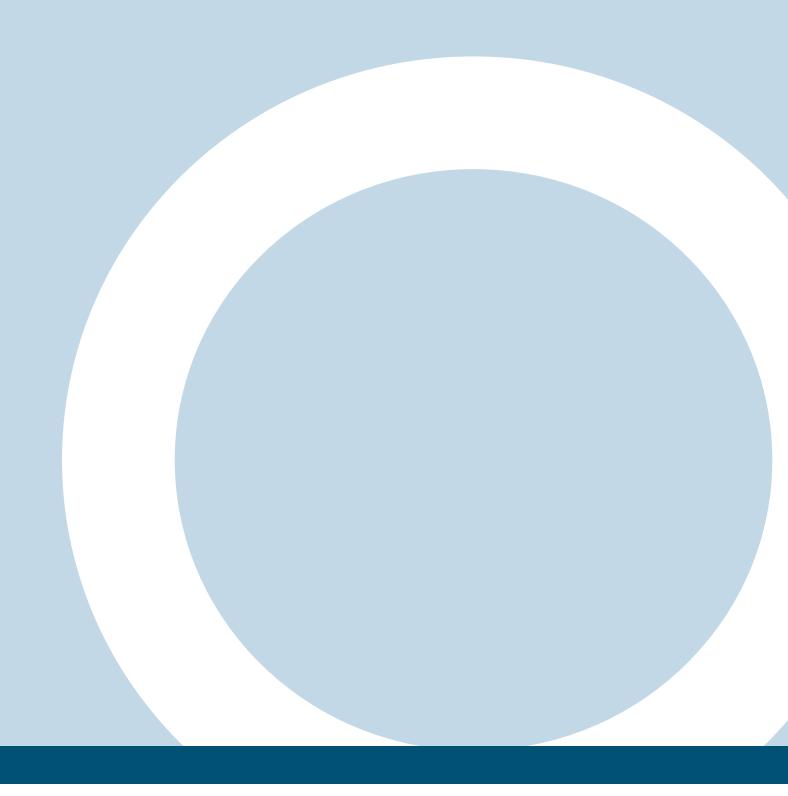
Highly-functioning Shire team that effectively manages the Shire's resources to build strong communities

STRATEGY		ACTIONS		PROJECTS	2018/19	2019/20	2020/21	2021/22	Budget allocation
5.4.1	Develop an inspired and engaged workforce through the provision of a targeted workforce development plan that includes strategies to attract and retain skilled and capable staff	5.4.1.1	Undertake staff engagement survey to identify strategies to attract and retain staff	Staff survey released 12 November 2018, and closed 30 November 2018. Responses to staff before second quarter 2019. (Councillors to be informed).	()	•		•	ТВА
		5.4.1.2	Review and maintain Workforce Plan and associated plans	Commence a review of the Workforce Plan before second quarter 2019.	0	•	•	•	ТВА
		5.4.1.3	Implement strategies with Workforce Plan	Implementation strategies as an outcome of the Workforce Plan review.	0	•	•	•	ТВА
5.4.2	Promote an innovative and engaging corporate culture underpinned by the organisation's vision and mission.	5.4.2.1	Promote an innovative and engaging corporate culture underpinned by the organisation's vision	The CEO and Directors to continue to liaise with staff and lead by example in the role of the Shire and the need to provide outstanding customer service.		•	•	•	NA

Services and Facilities

Services and facilities provided by the Shire have been linked with the relevant strategies in the Strategic Community Plan in the following table. The table provides a connection between the services and facilities and the desired outcomes and community vision for the Shire of Ashburton.

	1.	2.	3.	4.	5.
Sarvinas Engilities	Vibrant and Active	Economic	Unique	Quality Services and	Inspiring
Services Facilities Support	Communities	Prosperity	Heritage and Environment	Infrastructure	Governance
Aged seniors' services	1.3		Liivii oi iiii ciic	mirastraotare	
Building approval process	1.0				
control				4.3	5.3
Caravan park				4.1	
Cemetery				4.1	
Childcare playgroup	1.3				
Community engagement	1.1				
Community halls				4.1	
Council buildings heritage				4.4	
assets				4.1	
Customer service					5.1 5.2 5.3
Economic development		2.1 2.2 2.3			
Emergency services				4.2	
Festival event support	1.4				
Health administration	1.3			4.3	5.3
inspection	1.3			4.3	5.5
Library library services				4.1	
Medical health services	1.3				
Natural resource			3.1 3.2		
management			3.1 3.2		
Parks gardens reserves				4.3	
Public toilets				4.1	
Ranger services				4.3	5.3
Regional collaboration	1.2				
Roads infrastructure				4.2	
Rubbish recycling kerbside			3.2		5.3
collection	,		0.2		
Sport recreation facilities				4.1	
Strategic planning	1.1				5.1
Street lighting				4.2	
Support for volunteers	1.2				
Tourism management		2.3			
Town beautification				4.3	
landscaping	_				
Town planning	-			4.3	5.3
Waste management	40144		3.2		
Youth services	1.3 1.4				



Local government collection of overdue rates for people in situations of vulnerability: Good Practice Guidance

Ombudsman Western Australia

Serving Parliament – Serving Western Australians
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Contact Details

Street Address

Level 2, 469 Wellington Street PERTH WA 6000

Postal Address

PO Box Z5386 St Georges Terrace

PERTH WA 6831

Telephone: (08) 9220 7555 or 1800 117 000 (free from landlines)

Interpreter: 131 450

National Relay Service: Quote 08 9220 7555

TTY 133 677

Voice-only (speak and listen) 1300 555 727

SMS Relay 0423 677 767

Email: mail@ombudsman.wa.gov.au
Web: www.ombudsman.wa.gov.au
ISBN (Print): 978-0-6482005-6-7
ISBN (Online): 978-0-6482005-7-4

Our commitment to Aboriginal and Torres Strait Islanders

The office of the Ombudsman acknowledges Aboriginal and Torres Strait Islander people of Australia as the traditional custodians of Australia. We recognise and respect the exceptionally long history and ongoing cultural connection Aboriginal and Torres Strait Islander people have to Australia, recognise the strength, resilience and capacity of Aboriginal and Torres Strait Islander people and pay respect to Elders past, present and future.

The Office is committed to working in a collaborative and transparent manner and by respecting Aboriginal people's right to self-determination. The Office is committed to working with, and for, Aboriginal Western Australians to build understanding of the unique vulnerability and disadvantage faced by Aboriginal people due to past wrongs.

Local government collection of overdue rates for people in situations of vulnerability: Good Practice Guidance

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1 Background

The office of the Western Australian Ombudsman (**the Office**) has, over a period of time, received complaints regarding the collection of overdue rates for people in situations of vulnerability. Following an investigation by the Office, including considering relevant legislative and regulatory requirements, a review of relevant literature, analysis of good practice and consultation with local governments, the Office has developed Good Practice Guidance for local governments regarding their role in collecting overdue rates owed by people in situations of vulnerability.

2 Local government rates

2.1 Collection of rates

A property owner's liability to pay local government rates arises from section 6.44(1) of the *Local Government Act* 1995 (*Local Government Act*), which provides that:

The owner for the time being of land on which a rate or service charge has been imposed is liable to pay the rate or service charge to the local government.

Rates are the primary source of revenue for local governments. As shown in Figure 1, rates comprised 46 per cent (\$2.25 billion) of the \$4.9 billion in revenue of the 137 Western Australian local governments in 2016-17.¹

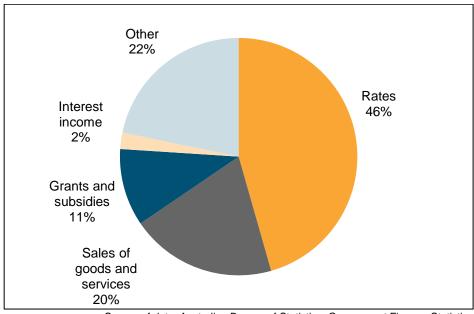


Figure 1: Sources of revenue for Western Australian local governments, 2016-17²

Source of data: Australian Bureau of Statistics, Government Finance Statistics Australia, 2016-17, (Cat. no. 5512.0)

For many households, rates represent a considerable annual expense. To assist ratepayers to meet their payment obligations, the *Local Government Act* empowers local governments to collect rates through a single payment (section 6.45(1)), four

¹ Australian Bureau of Statistics, *Government finance statistics, Australia, 2016-17*, cat. no. 5512.0, ABS, Canberra, April 2018.

² Percentages do not add to 100 due to rounding.

equal or nearly equal instalments (section 6.45(1)(a)) or, such other method of payment by instalments as is set forth in the local government's annual budget (section 6.45(1)(b)). Further, section 6.49 of the *Local Government Act* provides that a local government may accept payment in accordance with an agreement made with the person.

Payment by instalments can incur additional charges. Section 6.45(3) of the *Local Government Act* empowers a local government to impose an additional charge for the payment of rates by instalments, typically referred to as 'administration charges'.

2.2 Overdue rates

The Local Government Act specifies the due date of rates. Section 6.50(1) of the Local Government Act provides that '...a rate or service charge becomes due and payable on such date as is determined by the local government.' Section 6.50(2) further states that the due date '...is not to be earlier than 35 days after the date noted on the rate notice as the date the rate notice was issued'. Rates that remain unpaid after they are due and payable are referred to as 'overdue rates' in this report.

As rates are the primary source of revenue for local governments, overdue rates represent a significant opportunity cost for local governments and can impact adversely on their ability to fund the service delivery priorities identified in their annual budget.

2.2.1 Interest and rebates

Under section 6.51(1) of the *Local Government Act*, local governments can impose interest on overdue rates.

The *Local Government Act* also provides local governments with considerable discretion in relation to interest and additional charges. Section 6.51(4) of the *Local Government Act* provides that no interest is to accrue or additional charge to be imposed on a person 'if the local government in a particular case so resolves...'.

The Rates and Charges (Rebates and Deferments) Act 1992 permits '...administrative authorities to allow rebates on, or the deferral of payment of, certain amounts payable by way of rates or charges by pensioners and other eligible persons...'. Eligible pensioners and other eligible persons can pay rates by instalments without incurring additional charges and are not charged interest if their rates are overdue.

2.2.2 Means of collecting overdue rates

The *Local Government Act* provides local governments with significant powers in relation to the collection of overdue rates. These powers include:

- Garnishing of rent from the lessee of a property (section 6.60);
- Recovering rates and services charges, as well as the costs of proceedings, in a court of competent jurisdiction (section 6.56);
- Taking possession of the land to which the overdue rates apply, including the power to lease or sell the land (section 6.64);

- Lodging a caveat that precludes dealings in respect of land that it has an interest
 in (for example, selling or refinancing the property) until the overdue rates have
 been paid (section 6.64 (3)); and
- Writing off any amount of money owed (section 6.12(1)(c)).

3 People in situations of vulnerability

Local governments in Western Australia engage with ratepayers from a wide range of backgrounds and circumstances. Some ratepayers may be in situations of vulnerability and require a different approach from local government officers involved in collecting overdue rates.

A person in a situation of vulnerability may have low income or, as a result of their circumstances, be experiencing a financial shock, leading to difficulties in paying rates by the due date. This can take the form of 'payment difficulties' or 'financial hardship'.

Payment difficulties can be defined as:

a state of **immediate** financial disadvantage that results in a [debtor] being unable to pay an outstanding amount ... by reason of a *change in personal circumstances*.³ [Original emphasis]

Financial hardship can be defined as:

a state of **more than immediate** financial disadvantage which results in a [debtor] ... being unable to pay an outstanding amount ... without affecting the ability to meet the *basic living needs* [of the debtor] or a dependant...⁴ [Original emphasis]

Payment difficulties therefore reflect short term financial constraints while financial hardship may reflect financial constraints with longer term or broader implications. It is important to note that in both cases, there is willingness to pay, but an inability to do so. The Office's Good Practice Guidance is not designed to inform the collection of rates from people who are able, but unwilling, to pay their rates in accordance with their obligations under the *Local Government Act*.

³ Economic Regulation Authority Western Australia, *Financial Hardship Policy Guidelines - Electricity & Gas Licences*, Perth, March 2015, p. 4.

⁴ Ibid, p. 5.

What do we mean by vulnerability?

A person experiencing vulnerability is particularly susceptible to experiencing harm, loss or disadvantage.⁵ Vulnerability is influenced by a person's capacity to defend against, and cope with, harm, loss or disadvantage.⁶

Vulnerability arises from the interaction of individual characteristics, circumstances and the actions (or inaction) of institutions.⁷ The following risk factors are commonly associated with increasing the potential for vulnerability:

- Disability;
- Illiteracy/innumeracy;
- Unemployment;
- Serious or chronic illness;
- Bereavement:
- Exposure to family or domestic violence; and
- Low English language proficiency.⁸

Of course, such risk factors do not necessarily result in vulnerability, but are more prevalent in those people in our community in situations of vulnerability. This includes Aboriginal and Torres Strait Islander people, who as a result of historical and systemic wrongs are more likely to experience disadvantage and be in situations of vulnerability.

Why have we used the phrase 'people in situations of vulnerability'?

This report uses the phrase 'people in situations of vulnerability' to reflect the fact that anyone, given a certain combination of circumstances, can find themselves in a situation of vulnerability.

Ofwat, the economic regulator of the water sector in England and Wales, encourages this conceptualisation of vulnerability. Ofwat note that such language provides '...a foundation...to view vulnerability as a transient state without labelling customers, but also leaves room for companies to engage with their customers, develop agile, tailor made and inclusive services for their entire customer base'. They also note '...the term vulnerability may be a loaded one...customers do not want to be termed as vulnerable, and using the 'label' could lead to them feeling vulnerable and not seeking assistance'.⁹

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⁵ Consumer Affairs Victoria, *Discussion Paper: What do we mean by 'vulnerable' and 'disadvantaged' consumers?*, 2004, p. 4; Fitch, C, Evans, J and Trend, C, *Vulnerability: a guide for debt collection: 21 questions, 21 steps*, 2017, Personal Finance Research Centre, University of Bristol, p. 8.

⁶ Consumer Affairs Victoria, *Discussion Paper: What do we mean by 'vulnerable' and 'disadvantaged' consumers?*, 2004, p. 4.

⁷ Vulnerability: a guide for debt collection: 21 questions, 21 steps, 2017, Personal Finance Research Centre, University of Bristol, pp. 8-9.

⁸ Financial Conduct Authority, *Consumer Vulnerability*, Occasional Paper No. 8, 2015. p. 23; Consumer Utilities Advocacy Centre Ltd., *Helping not hindering: Uncovering domestic violence and utility debt*, August 2014, p. 2. ⁹ Ofwat, *Vulnerability focus report*, 2016, p. 20.

Appendix A: Good Practice Guidance for the collection of overdue rates for people in situations of vulnerability

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Good Practice Guidance for the collection of overdue rates for people in situations of vulnerability

Overview of the guidance

The Office has identified four principles reflecting contemporary good practice in the collection of overdue rates for people in situations of vulnerability. These principles are:

- 1. Good culture:
- 2. Good decisions;
- 3. Good support; and
- 4. Good service.

For each principle, further underpinning guidance is presented. Where helpful, specific initiatives are suggested that reflect potential approaches to implement the guidance.

The Good Practice Guidance is designed to assist local governments to:

- Consider their own policies and practices for the collection of rates and overdue rates in respect to people in situations of vulnerability; and
- Identify any aspects of these policies and practices that may present opportunities for improvement to ensure that the process is efficient and effective for local governments and is fair and equitable for all ratepayers, subject to the following two overarching principles.

Overarching principles applicable to the Good Practice Guidance

Overarching Principle 1: Overdue rates must be paid, nonetheless, fair, reasonable and flexible approaches to payment are beneficial.

All ratepayers have a responsibility to pay overdue rates. The guidance in no way overrides, detracts from, or diminishes, the responsibility of ratepayers to pay overdue rates, consistent with the *Local Government Act.*¹⁰ Nonetheless, a large body of research demonstrates that a fair, reasonable and flexible approach leads to better repayment outcomes and fewer resources expended in the collection of payments.¹¹ Greater efficiency and predictability in the collection of rates thereby assists local governments to plan and fund their service delivery priorities. Furthermore, addressing overdue rates through an early intervention approach without resorting to court recovery processes minimises legal and court costs to individual ratepayers, councils and ultimately, to the wider community who fund the court system through the payment of taxes.¹²

Overarching Principle 2: Good Practice Guidance should not impose unreasonable regulatory cost burdens on local governments and should be fit for size and circumstance.

Implementation of the Good Practice Guidance can, and should, be done in a way that does not impose any unreasonable or inappropriate regulatory costs on local governments (which, of course, are paid for by ratepayers).

It is absolutely appropriate for local governments to consider the relevance, costs and benefits of implementing the four Good Practice Principles and tailor areas of the Good Practice Guidance to their specific circumstances. In particular:

- Local governments may have already implemented good practice frameworks in relation to assisting people in situations of vulnerability, including in the collection of overdue rates. Where this is the case, the Good Practice Guidance can be used to ensure these existing frameworks adequately address the issues contained in the Good Practice Guidance, rather than the need to write new guidance;
- 2. Local governments may have either more or less ratepayers in situations of vulnerability and therefore the extent of adoption of guidance underpinning principles may appropriately vary; and
- It is completely appropriate and reasonable for smaller local governments to consider the practicalities and resources required to tailor the guidance to their specific circumstances.

¹⁰ It is noted that the Department of Local Government, Sport and Cultural Industries is currently undertaking a review of the *Local Government Act 1995*.

¹¹ Financial Conduct Authority, *Consumer Vulnerability*, Occasional Paper No. 8, 2015, pp. 71-72.

¹² Footscray Community Legal Centre and Federation of Community Legal Centres (Victoria) Inc, *Council debt collection: Alternatives to suing ratepayers in hardship*, 2012, p. 3.

The good practice principles for the collection of overdue rates by local governments are summarised in Table 1.

Table 1: Good practice principles and guidance for the collection of overdue rates from people in situations of vulnerability

Principle	Guidance
1. Good culture A culture of achieving positive outcomes in the collection of overdue rates from people in situations of vulnerability is embedded throughout the organisation and the subject of leadership.	 Local government senior management, including the CEO, should communicate, and model, the organisation's commitment to achieving positive outcomes for people in situations of vulnerability in respect to the collection of overdue rates. Governance frameworks and systems should reflect and support the local government's commitment to achieving positive outcomes for people in situations of vulnerability. Good practice should be shared internally and externally to promote continuous improvement in the support provided to people in situations of vulnerability.
2. Good decisions Decisions in respect to overdue rates from people in situations of vulnerability are lawful, reasonable, transparent, result in proportionate outcomes, reflect contemporary practice and are capable of being reviewed.	 Local governments should ensure that decision making is consistent with applicable legislation and regulations and accord procedural fairness to people in situations of vulnerability. If they have not already done so, local governments should develop and publish a financial hardship policy that is responsive to the needs of people in situations of vulnerability, including Aboriginal and Torres Strait Islander people in situations of vulnerability. Local governments should ensure that policies and practices relating to the collection of overdue rates, including the practices of external collection agencies, follow a fair and transparent process that is supported by good record keeping. Ratepayers should be informed of their rights to internal and external review of decisions regarding overdue rates and their right to complain about the decision making process.
3. Good support Staff are supported in all of their interactions with people in situations of vulnerability.	Staff responsible for assisting people in situations of vulnerability should have access to training, be supported and recognised.
4. Good service Accessible and flexible service provision supports the early identification and provision of support to people in situations of vulnerability.	 Local governments should encourage the proactive, early identification of people in situations of vulnerability to minimise the accumulation of debt. Where practicable and available, local governments should develop proactive working relationships with financial counsellors, community legal centres and other relevant organisations to facilitate timely referrals of ratepayers in situations of vulnerability. Local governments should be flexible and accessible in their communication methods. Wherever practicable, people in situations of vulnerability, including those with disability or who require translation services, should be able to use the channel that best reflects their individual needs and preferences. For ratepayers in situations of vulnerability, local governments should negotiate a flexible alternative payment arrangement that reflects their actual capacity to pay.

Principle 1: Good culture

A culture of achieving positive outcomes in the collection of overdue rates from people in situations of vulnerability is embedded throughout the organisation and the subject of leadership.

Overview of principle

A local government's efforts to improve outcomes for people in situations of vulnerability is underpinned by its organisational culture. Organisational culture can be defined as:

...the implicit values, beliefs, and assumptions that employees infer guide behaviour...[based] on the stories, myths, and socialization experiences they have and the behaviors they observe (especially on the part of leaders) that prove to be useful and promote success.¹³

Put simply, efforts to improve outcomes in relation to the collection of overdue rates from people in situations of vulnerability are unlikely to be successful if staff observe that it is not valued or considered an organisational priority.

There are many factors that contribute to the emergence or change in an organisation's culture. The research literature clearly supports the central role of leadership in embedding a culture that is committed to achieving positive outcomes for people in situations of vulnerability. ¹⁴ Governance frameworks and systems should also reflect and support the organisation's commitment to achieving positive outcomes for people in situations of vulnerability. This includes, but is not limited to, a local government's strategic planning, delegations of authority, risk management, employee performance management, employee selection, policies and quality assurance processes. Senior management should also establish mechanisms for employees to collaborate and cooperate in order to minimise the emergence of cultural silos and promote continuous improvement. ¹⁵

Good Practice Guidance underpinning principle

Good Practice Guidance 1

Local government senior management, including the CEO, should communicate, and model, the organisation's commitment to achieving positive outcomes for people in situations of vulnerability in respect to the collection of overdue rates.

In implementing this guidance, local governments could consider the following initiatives where practical to do so and resources allow:

 Reporting on progress in implementing vulnerability initiatives at senior leadership meetings; and

¹³ Schneider, B, Ehrhart, M and Macey, W, 'Organisational culture and climate', *Annual Review of Psychology*, vol. 64, 2013, p. 381.

¹⁴ Ofwat, *Vulnerability focus report*, 2016, p. 34; Financial Conduct Authority, *Consumer Vulnerability*, Occasional Paper No. 8, 2015. p. 85.

¹⁵ Victorian State Services Authority, *Organisational culture*, 2013, p. 14.

Communicating the organisation's commitment to supporting people in situations
of vulnerability during staff meetings and in organisation-wide correspondence.

Good Practice Guidance 2

Governance frameworks and systems should reflect and support the local government's commitment to achieving positive outcomes for people in situations of vulnerability.

In implementing this guidance, local governments could consider the following initiatives where practical to do so and resources allow:

- Ensuring that the values, priorities and measures of success in strategic planning reflect the local government's commitment to achieving positive outcomes for people in situations of vulnerability;
- Ensuring a process to assess and review policies on a periodic basis related to the collection of overdue rates from people in situations of vulnerability; and
- Developing relevant outcome measures that are reported at senior leadership meetings.

Good Practice Guidance 3

Good practice should be shared internally and externally to promote continuous improvement in the support provided to people in situations of vulnerability.

Principle 2: Good decisions

Decisions in respect to overdue rates from people in situations of vulnerability are lawful, reasonable, transparent, result in proportionate outcomes, reflect contemporary good practice and are capable of being reviewed.

Overview of principle

The *Local Government Act* provides local governments with considerable powers in relation to their collection of overdue rates. It is of course essential that the decision making of local governments in respect to overdue rates complies with all applicable legislation, regulations and established codes of conduct.

The Local Government Act also provides local governments with considerable discretion in their decision making. This includes the discretion to offer alternative payment arrangements and to impose (or not impose) additional charges and/or interest. Such decisions should be fair, transparent and consistent and be supported by clearly documented reasons, as well as complying with relevant statutory requirements and limitations.

Overall, the collection of overdue rates should reflect contemporary good practice and achieve a positive and proportionate outcome that is in the best interest of the individual ratepayer and all ratepayers in the local government district. Established practice and evidence demonstrates that a process that is respectful, fair and reasonable and takes into account individual circumstances is more likely to engage ratepayers with overdue rates and lead to outcomes that better serve organisational goals.¹⁶

Good Practice Guidance underpinning principle

Good Practice Guidance 4

Local governments should ensure that decision making is consistent with applicable legislation and regulations and accord procedural fairness to people in situations of vulnerability.

In implementing this guidance, local governments could consider the following initiatives:

- Clear instruments of delegation that ensure that decisions regarding overdue rates are made by staff with the power to do so;
- Clear policies and procedures on managing actual or perceived conflicts of interest between a decision maker and a person in a situation of vulnerability that is affected by the decision;
- Clear and consistent criteria for what constitutes 'financial hardship', including evidence requirements;

¹⁶ Financial Conduct Authority, *Consumer Vulnerability*, Occasional Paper No. 8, 2015. pp. 71-72.

- Clear guidance on the situations where staff can reduce, waive or defer additional charges and/or interest and the ability of the ratepayer to afford additional costs arising from the decision;
- Clear procedures on what steps are to be taken prior to further collections activity (such as legal proceedings) being commenced against a ratepayer and the cessation of further collections activity where the ratepayer is compliant with a payment arrangement or where a payment arrangement is in the process of being considered and in the context of commencing legal action, whether the legal costs are proportionate to the amount of overdue rates;
- Providing the ratepayer or their representative with timely written confirmation of any payment agreement to minimise any ambiguities or misunderstandings; and
- Providing the ratepayer with the opportunity to contact the local government to clarify any aspect of a payment agreement or if their circumstances change.

Good Practice Guidance 5

If they have not already done so, local governments should develop and publish a financial hardship policy that is responsive to the needs of people in situations of vulnerability, including Aboriginal and Torres Strait Islander people in situations of vulnerability.

In implementing this guidance, local governments could consider the following initiatives where practical to do so and resources allow:

- Developing the policy in consultation with key community stakeholders such as financial counsellors, other non-government organisations and community legal centres;
- Conducting a gap analysis of the policy compared to best practice in other sectors;
- Providing training to staff on the practical implementation of the policy to enable them to achieve the best outcomes for the recovery of overdue rates;
- Publishing the policy in an easy to find location on the local government's website, such as under its own page and/or accessible via a prominent link on the homepage; and
- Working with Aboriginal and Torres Strait Islander people in the development of the policy and subsequent training of staff to ensure that the local government's practices are culturally informed and appropriate.

Aboriginal and Torres Strait Islander people

Aboriginal and Torres Strait Islander communities are particularly at risk of experiencing vulnerability. The research literature indicates that Aboriginal and Torres Strait Islander people experience traumatic events at significantly higher rates than non-Aboriginal Australians.¹⁷

In considering ways to work with Aboriginal and Torres Strait Islander people in situations of vulnerability in respect to overdue rates, local governments should ensure that Aboriginal and Torres Strait Islander people lead any work that involves Aboriginal and Torres Strait Islander communities and that Aboriginal and Torres Strait Islander people are listened to, respectfully engaged, involved in the development, delivery and evaluation of services.

Good Practice Guidance 6

Local governments should ensure that policies and practices relating to the collection of overdue rates, including the practices of external collection agencies, follow a fair and transparent process that is supported by good record keeping.

In implementing this guidance, local governments should note that this includes, but is not limited to:

- Communicating with ratepayers about overdue rates only for reasonable purposes associated with the debt collection process;
- Using a means of contact that is appropriate and reasonable for the purposes of the debt collection process and has been agreed with the ratepayer;
- Contacting the ratepayer or a third party by telephone at reasonable times, or in accordance with their reasonable wishes (for example, the ratepayer is a shift worker, or a carer, or does not wish to be contacted when other people are present);
- Ensuring the privacy of ratepayers in a manner consistent with privacy legislation;
- Ensuring that authorised agents acting on behalf of a ratepayer (such as a financial counsellor or advisor, a community worker, solicitor, guardian or carer) have provided reasonable evidence of their authority to act; and
- Ensuring that external collection agencies are provided with accurate and up-to-date information in respect to overdue rates.

¹⁷ For example, Aboriginal and Torres Strait Islander people are two to five times more likely than non-Aboriginal people to experience violence as victims or offenders. See Willis, M, "Non-disclosure of violence in Australian Indigenous Communities," Australian Institute of Criminology, Trends & Issues in Crime and Criminal Justice, No, 405, Canberra, 2011, viewed 21 August 2018, http://www.aic.gov.au/publications/current%20series/tandi/401-420/tandi405.html.

Good Practice Guidance 7

Ratepayers should be informed of their rights to internal and external review of decisions regarding overdue rates and their right to complain about the decision making process.

In implementing this guidance, local governments should provide ratepayers who are dissatisfied with a decision regarding rates with:

- Information about, and access to, an internal review process;
- Information about, and access to, a complaints management system that conforms
 to the principles of the Australian and New Zealand Standard, Guidelines for
 complaint management in organizations (AS/NZS 10002:2014) and the Public
 Sector Commissioner's Circular 2009:27: Complaints Management;
- An explanation of the outcomes of the complaints handling and internal review procedures, including clear reasons for the decision; and
- Information about the availability of any external review of the outcomes of the complaints handling and internal review procedures, including the correct agency and procedure for seeking such a review.

Principle 3: Good support

Staff are supported in all of their interactions with people in situations of vulnerability.

Overview of principle

Given a certain combination of circumstances, anyone can find themselves in a situation of vulnerability. Vulnerability can arise as result of any number of difficult life events, including bereavement, serious illness, unemployment and exposure to family or domestic violence. Accordingly, people in situations of vulnerability should be treated in a compassionate, supportive and non-judgemental manner. This not only contributes to the wellbeing of the person approaching the local government for assistance; it also encourages full disclosure of their circumstances and needs. 18

At the same time, staff have an important and challenging task in responding to disclosures of vulnerability. If staff are inadequately equipped for this task, there is the potential for vicarious trauma, poor staff retention and a failure to appropriately respond to disclosures. 19 As part of an organisation's duty of care to staff and in order to attain optimal outcomes for ratepayers and the organisation, it is essential that staff are appropriately trained, supported and recognised.

Good Practice Guidance underpinning principle

Good Practice Guidance 8

Staff responsible for assisting people in situations of vulnerability should have access to training, be supported and recognised.

In implementing this guidance, local governments could consider the following initiatives:

- · Ensuring training for staff in recognising people in situations of vulnerability and effectively communicating with people in situations of vulnerability;
- Having peer support and debriefing opportunities;
- Recognising the work of staff who assist people in situations of vulnerability (for example, senior management acknowledgement in staff meetings); and
- Having training and support for staff that may be subject to unreasonable behaviour of ratepayers.

¹⁹ Financial Conduct Authority, Consumer Vulnerability, Occasional Paper No. 8, 2015, p. 73.

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¹⁸ Ofwat, Practitioner's pack for water companies: To accompany Ofwat's vulnerability focus report, 2016, p. 8; British Banker's Association, Improving outcomes for customers in vulnerable circumstances, 2016, p. 8.

Support for women experiencing family or domestic violence

Women experiencing family and domestic violence require specific support from local governments to ensure their often complex and vulnerable circumstances are managed sensitively and appropriately. This may include support in relation to financial abuse.

Women are primarily the victims of family and domestic violence and men are primarily the perpetrators.²⁰ It is also acknowledged that certain groups are at an increased risk of experiencing family and domestic violence, including Aboriginal and Torres Strait Islander Australians, people with disability and lesbian, gay, bisexual, transgender and intersex people.²¹

Processes and systems that are appropriate and responsive to the particular needs of women experiencing family and domestic violence may involve:

- Ensuring confidentiality so that updated contact details are not accidently passed on to the alleged perpetrator of violence;
- Being aware of the potential difficulties in accessing mail or certain documentation due to homelessness;
- Being aware of the risk of vicarious trauma among staff; and
- Having systems in place that minimise the likelihood of people having to disclose their circumstances multiple times.²²

In order to support staff to appropriately assist women experiencing family or domestic violence, local governments should consider conducting specific staff training and developing family and domestic violence guidance material and policies.

²⁰ The Australian Institute of Health and Welfare note that 1 in 6 women have experienced physical and/or sexual violence by a current or previous partner compared to 1 in 16 men. In addition, 3 in 4 victims of domestic violence reported the perpetrator as male, while 1 in 4 reported the perpetrator as female. See Australian Institute of Health and Welfare, *Family, domestic and sexual violence in Australia*, 2018, Cat. no. FDV 2. Canberra: AIHW, pp. ix, 31. ²¹ ibid, p. xii.

²² The Consumer Utilities Advocacy Centre provides extensive guidance on the management of debts of women experiencing family or domestic violence, see Consumer Utilities Advocacy Centre Ltd., *Helping not hindering: Uncovering domestic violence and utility debt*, August 2014, pp. 37-40.

Principle 4: Good service

Flexible and accessible service provision supports the early identification and provision of support to people in situations of vulnerability.

Overview of principle

Local governments are in a strong position to make a positive difference to the lives of people in situations of vulnerability. However, many people in situations of vulnerability are unable or unwilling to disclose their circumstances. Research and industry guidance indicate that people in situations of vulnerability often do not consider themselves 'vulnerable' or proactively seek out assistance.²³ Compassionate and well trained staff are essential in overcoming such barriers, but it is also important that the systems themselves are flexible and accessible to encourage self-identification and reduce the accumulation of debt.

Ideally, local government processes should support early identification and intervention, avoiding the need for more expensive and stressful debt collection and legal proceedings. Strong working relationships with independent financial counsellors, community legal services and other relevant non-government organisations are key to achieving early and sustainable resolution of debt issues.

A flexible and accessible approach should be present in all aspects of service, including communication methods and payment arrangements. An approach raised during the procedural fairness process was the possibility for payment of rates on a periodic basis or a greater frequency, for example, monthly. Certain local governments at the moment allow ratepayers to 'smooth' payments over the course of the year by weekly, fortnightly or monthly payments.

An approach that is tailored to the specific needs of people in situations of vulnerability is more likely to lead to positive outcomes for both the person experiencing vulnerability and the local government in their recovery of debt. In contrast, an inflexible approach is likely to exacerbate existing health concerns or stress, further entrench disadvantage and result in unsustainable payment arrangements.²⁴

²³ ESRO Ltd, *Vulnerability exposed: The consumer experience of vulnerability in financial services*, 2014, p. 3; Insurance Council of Australia, *Interim Report: Review of the General Insurance Code of Practice*, 2017, p. 80; Australian Banker's Association Inc., *Industry guideline - Promoting understanding about banks' financial hardship programs*, Version 2.0, 2015, p. 12.

²⁴ Footscray Community Legal Centre and Federation of Community Legal Centres (Victoria) Inc, *Council debt collection: Alternatives to suing ratepayers in hardship*, 2012, p. 21.

Good Practice Guidance underpinning principle

Good Practice Guidance 9

Local governments should encourage the proactive, early identification of people in situations of vulnerability to minimise the accumulation of debt.

In implementing this guidance, local governments could consider the following initiatives:

- Ensuring guidance state that ratepayers do not have to already be in debt before assistance is made available:
- Encouraging ratepayers to disclose difficulty in paying rates by the due date on the website and rates notices, reassuring them that disclosures will be treated seriously, non-judgementally and taken into account;
- Setting up an alert on the ratepayer record system that shows when rates are overdue and advising ratepayers (and the availability of assistance) accordingly; and
- Wherever practicable to do so, proactively contacting ratepayers in areas affected by natural disasters or economic events to see if they require any hardship assistance.

Good Practice Guidance 10

Where practicable and available, local governments should develop proactive working relationships with financial counsellors, community legal centres and other relevant organisations to facilitate timely referrals of ratepayers in situations of vulnerability.

In implementing this guidance, local governments could consider the following initiatives:

- Developing a protocol for the sensitive referral of ratepayers to financial counselling and community legal services;
- Developing memoranda of understanding with financial counsellors, community legal centres and other relevant stakeholders;
- Conducting engagement and awareness activities in partnership with relevant organisations, including organisations relevant to Aboriginal and Torres Strait Islander Australians and people from culturally and linguistically diverse backgrounds; and
- Ensuring policies stipulate that it is unnecessary for people to be referred to fee-charging debt management firms given the existence of free (to ratepayer) services.

Good Practice Guidance 11

Local governments should be flexible and accessible in their communication methods. Wherever practicable, people in situations of vulnerability, including those with disability or who require translation services, should be able to use the channel that best reflects their individual needs and preferences.

In implementing this guidance, local governments could consider the following initiatives wherever resourcing allows:

- Ensuring policies and communications are written in simple and clear language;
- Providing a free-call number or a call-back service for customers who cannot afford the cost of being placed on hold;
- Providing longer appointment times and agreeing to talk at specific times of the day in order to meet the specific needs of ratepayers;
- Making financial hardship policies and communications with ratepayers available in alternative formats (for example, large print, audio) on request;
- Providing financial hardship policies and communications in other languages;
- Providing an interpreting service and ensuring staff are trained to recognise when an interpreter may be required; and
- In consultation with the local Aboriginal and Torres Strait Islander community, designing information sheets about the rates recovery process that is culturally appropriate for Aboriginal and Torres Strait Islander people.

Good Practice Guidance 12

For ratepayers in situations of vulnerability, local governments should negotiate a flexible alternative payment arrangement that reflects their actual capacity to pay.

In implementing this guidance, local government staff could consider the following during the decision making process:

- The likelihood that the ratepayer may have other debts;
- The likely impact of the proposed payment arrangement on the basic living needs of the ratepayer and any dependents;
- The ratepayer's eligibility for any concessions or rebates;
- The availability, costs and benefits of rate smoothing options, including Centrepay;
 and
- Any advice received from an independent financial counsellor.

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Ombudsman Western Australia

Level 2, Albert Facey House, 469 Wellington Street Perth WA 6000
PO Box Z5386 St Georges Terrace Perth WA 6831
Email mail@ombudsman.wa.gov.au • Website www.ombudsman.wa.gov.au
Tel 08 9220 7555 • Freecall (free from landlines) 1800 117 000 •
National Relay Service TTY 133 677 • SMS Relay 0423 677 767
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