

Department of Local
Government and
Regional Development

Annual Report

2002 - 2003

**MINISTER FOR LOCAL GOVERNMENT AND REGIONAL
DEVELOPMENT**

Responsible Minister

Minister for Local Government
and Regional Development

Hon Tom Stephens MLC

Accountable Authority

Department of Local
Government and Regional
Development

Cheryl Gwilliam
Director General

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ANNUAL REPORT

2002 - 2003

In accordance with the Financial Administration and Audit Act 1985 (Section 66), I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Local Government and Regional Development for the financial year ending 30 June 2003.

The Annual Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.



Cheryl Gwilliam
DIRECTOR GENERAL

29 August 2003

Department Profile

The Department of Local Government and Regional Development maintains a vital role in guiding the quality of community life in Western Australia. It assists with developing the capacity of local governments and regional communities to achieve social and economic progress.

The Department develops and reviews policy for the State Government and conducts research, analysis and strategic planning in relevant fields and fulfils a regulatory role.

Key stakeholders include the Minister for Local Government and Regional Development; Local, State and Federal Government; Regional Development Commissions; community groups; business organisations and the public.

This Annual Report provides an overview of the Department's activities for the 2002-03 financial year. It provides information on the strategic focus of the agency, issues and trends that will impact on its activities and future directions for the Department.

The Annual Report also provides audited financial statements and performance indicators for the Department's operations.

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Director General's Overview

The second year of the Department's operations has seen further progress in implementing the Government's policy for local government and regional development. The Department's Strategic Plan for 2003-2005 provides a vision for the organisation of:

"An increased capacity of communities to develop good government, economic growth and social well-being."

The agency's goals and strategies emphasise: -

- Policy development;
- Improved access to services and capacity for development of regional services; and
- Better local government.

The Department relocated to a single location (Dumas House) in May 2003 and this has, and will continue to assist in the delivery of services to customers.

Local Government elections were held in May 2003 and the Department worked closely with the Western Australian Local Government Association (WALGA) and the Western Australian Electoral Commission to encourage people to stand for council and to vote in the May elections. This year has also seen a focus on encouraging inclusiveness within local governments. To this end, the Department has established an Advisory Committee on Women in Local Government and identified ways of increasing the participation of Indigenous people in local government processes and decision making.

The Department has continued to provide financial assistance to regional communities through the Regional Investment Fund. In 2002-03, \$4.5million was approved through the Regional Infrastructure Funding Program and \$1.3million was approved through the Western Australian Regional Initiatives Scheme. A further \$3.3million was approved for the Regional Development Commissions through the Regional Development Scheme. The Department also ran a successful funding round for the Community Facilities Grants Program where projects were funded for a total of \$745,000.

The valuable work of the Partnership Steering Group culminated in the signing of a Partnership Agreement between State and Local Government (December 2002) and the formation of the State Local Government Council, which held its first meeting in May 2003.

The *Animal Welfare Act 2002* was proclaimed in April 2003. This has been supported by the establishment of an Animal Welfare Branch and the development of regulations to support the implementation of the Act.

The Department also progressed amendments to the Local Government Act 1995 (to be introduced in the Spring 2003 Session of Parliament).

A focus on community leadership saw the finalisation of the WA Community Leadership Plan and the development of three programs to support this initiative.

Director General's Overview

In addition, the Indicators of Regional Development in Western Australia Report has provided an excellent overview of the current social, economic and environmental status of regional Western Australia. Much of the data has not been released in such a clear and comparative way before.

Issues relating to the conduct of councillors have been raised. The Department completed a major authorised inquiry into the City of Belmont. It has also looked at other ways of addressing councillor conduct and has worked collaboratively with both WALGA and LGMA (WA) to develop a model for a local government tribunal to assess complaints about individual councillors.

The strategic focus provided by the Minister for Local Government and Regional Development, in terms of community capacity building, is appreciated.

I would also like to thank the Executive team and the staff of the Department for the enthusiasm they have demonstrated in delivery of services to our customers.



Cheryl Gwilliam
DIRECTOR GENERAL

2002 – 03 at a Glance

OUTPUT 1 – DEVELOPMENT OF POLICY ADVICE TO GOVERNMENT

Review, develop and implement policy and legislation. Research and provide data to ensure stakeholders have access to information that facilitates their strategic and operational needs.

MAJOR ACHIEVEMENTS

- ❖ Facilitated the development and implementation of a partnership agreement between State and Local Government.
- ❖ Reviewed the *Local Government Grants Act 1978*.
- ❖ Produced the Indicators of Regional Development in Western Australia Report.
- ❖ Reviewed the Local Government Grants Commission's methodology.
- ❖ Completed a major community consultation for the review of the *Dog Act 1976* and released a policy position paper on proposed amendments to the legislation for public comment.
- ❖ The Animal Welfare Bill was passed by Parliament.
- ❖ Prepared Regulations and Codes of Practice to support the *Animal Welfare Act 2002*.
- ❖ Progressed the review of the *Regional Development Commissions Act 1993* and amended the Act to enable Regional Development Commissions to make grant payments.
- ❖ Provided support to the Regional Development Council.
- ❖ Prepared and released the Draft Regional Policy Statement for public comment.
- ❖ Progressed amendments to the *Local Government Act 1995* and associated regulations to drafting stage.
- ❖ Established a greater monitoring role in relation to Local Government local laws to assist the State Government's oversight of the local law making process.
- ❖ Prepared a submission to the Federal Inquiry into Regional Telecommunications.
- ❖ Established and supported the Advisory Committee on Women in Local Government.
- ❖ Commenced a review of the *Caravan Parks and Camping Grounds Act 1995*.
- ❖ Commenced a review of the *Control of Vehicles (Off-road Areas) Act 1978*.

2002 – 03 at a Glance

OUTPUT 2 – SUPPORT FOR REGIONAL AND LOCAL COMMUNITIES

Support and develop initiatives that provide communities and organisations with the necessary infrastructure including skills, resources, networks and information to facilitate their development.

MAJOR ACHIEVEMENTS

- ❖ Developed new leadership and capacity building initiatives including:
 - Indigenous Leadership Fund;
 - Making Connections program; and
 - Network for Support program.
- ❖ Developed and implemented the Western Australian Community Leadership Plan.
- ❖ Worked in partnership with Regional Development Commissions to develop and conduct regional investment tours for the Gascoyne, Peel and South West regions.
- ❖ Continued to improve access to telecommunications throughout the State through the provision of Telecentres, Modular Interactive Telecommunications Environments (MITES) and Telecentre Access Points (TAPS).
- ❖ Allocated \$24.1million of funds through the Regional Investment Fund to support initiatives including the construction of regional infrastructure and assisting with cross-regional projects.
- ❖ Provided grants to regional communities through the Community Facilities Grants Program and the Regional Collocation Scheme.
- ❖ Provided administrative support to Regional Development Commissions for the provision of grants through the Regional Development Scheme.
- ❖ Administered loans and grants provided under the Regional Headworks Scheme.
- ❖ Provided support for major initiatives and events as part of the Year of the Outback 2002.
- ❖ Developed and released a draft strategic plan to assist with the development of Indigenous communities especially with regard to local government services and facilities.
- ❖ Launched two new schemes to provide assistance to remote Indigenous communities for infrastructure, arts and tourism facilities in response to the Gordon Inquiry.
- ❖ Commenced the preparation of guidelines for a new Regional Headworks Program.

2002 – 03 at a Glance

OUTPUT 3 – COMPLIANCE, MONITORING AND ADVISORY SERVICES

Supports compliance and understanding of administered legislation and assists with the administration of statutory bodies and committees.

MAJOR ACHIEVEMENTS

- ❖ In conjunction with the Western Australian Local Government Association and the Local Government Managers Australia, introduced the Peer Support Team to assist local governments with improving operational processes.
- ❖ Allocated financial assistance grants and local roads grants to 144 local governments.
- ❖ Developed a model for a tribunal to assess complaints about individual elected members, which is to be incorporated into the proposed State Administrative Tribunal.
- ❖ Developed and implemented a Mayors' and Presidents' Support Program to assist those elected to the role for the first time.
- ❖ Continued the Financial Management Awards for local governments.
- ❖ Produced the Inquiry into the City of South Perth Lessons for Local Government publication.
- ❖ Produced operational guidelines for local governments to assist them with the requirements of the *Local Government Act 1995*.
- ❖ Provided administrative and financial support for the development of Voluntary Regional Organisations of Councils in regional Western Australia.
- ❖ Completed the Report of the Inquiry into the City of Belmont.

Corporate Governance

STATEMENT OF COMPLIANCE WITH RELEVANT WRITTEN LAWS

Legislation Administered By The Department (as at 30 June, 2003)

Acts

- *Caravan Parks and Camping Grounds Act 1995*
- *Cemeteries Act 1986*
- *City of Perth Restructuring Act 1993*
- *Control of Vehicles (Off-road Areas) Act 1978*
- *Dog Act 1976*
- *Local Government Act 1995*
- *Local Government Grants Act 1978*
- *Local Government (Miscellaneous Provisions) Act 1960*
- *Animal Welfare Act 2002*
- *Regional Development Commissions Act 1993*

including the regulations associated with these Acts.

Compliance with Written Laws

The Department complies with the following written laws:

- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Administration and Audit Act 1985*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Library Board of Western Australia Act 1951*
- *Minimum Conditions for Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *State Records Act 2000*
- *Public Interest Disclosure Act 2003*

COMPLIANCE WITH PUBLIC SECTOR MANAGEMENT ACT SECTION 31(1)

I have complied with the Public Sector Standards in Human Resource Management, the Code of Ethics and the Department's Code of Conduct.

I have implemented procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made above is correct.

Corporate Governance

The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

| | |
|--|-----|
| Number lodged | Nil |
| Number of breaches found, including details of multiple breaches per application | Nil |
| Number still under review | Nil |

COMPLIANCE WITH ELECTORAL ACT 1907 SECTION 175ZE(1)

Any public agency required to publish an Annual Report under the FAAA or any other law is required under section 175ZE (1) to include a statement in the annual report setting out the details of all expenditure in relation to:

- advertising agencies;
- market research organisations;
- polling organisations;
- direct mail organisations; and
- media advertising organisations

detailing the amount of the expenditure and in relation to each class of expenditure constituted by subsection (1) the amount of the expenditure for the class, and the name of each person, agency or organisation to whom an amount was paid.

In compliance with the above, the following is submitted:

Marketforce \$58,664.58 for advertising



C GWILLIAM
ACCOUNTABLE OFFICER

29 August 2003

Strategic Focus

Vision

An increased capacity of communities to develop good government, economic growth and social well-being.

Our Principles

The Department has four guiding principles to help achieve its vision:

- to practice good communication and collaboration with clients and stakeholders;
- to provide quality advice;
- to develop quality services and products; and
- to foster balanced consideration of social, economic and environmental issues.

Our Service Standards

The Department aims to ensure:

- prompt and efficient response to customer enquiries and requests for information;
- staff are honest, ethical and professional and maintain confidentiality;
- the delivery of appropriate services in a timely and helpful manner;
- consultation with our customers on all key projects;
- activities are refined based on industry feedback; and
- sensitive material is managed with care and consideration.

The Department of Local Government and Regional Development supports the State Government's vision of creating a growing and diversified economy with strong and vibrant regions and safe, healthy and supportive communities.

In assisting the Government to achieve its vision, the Department has an important role in developing and implementing policies and strategies to improve the provision of services to regional communities and to ensure all communities throughout the State receive good governance.

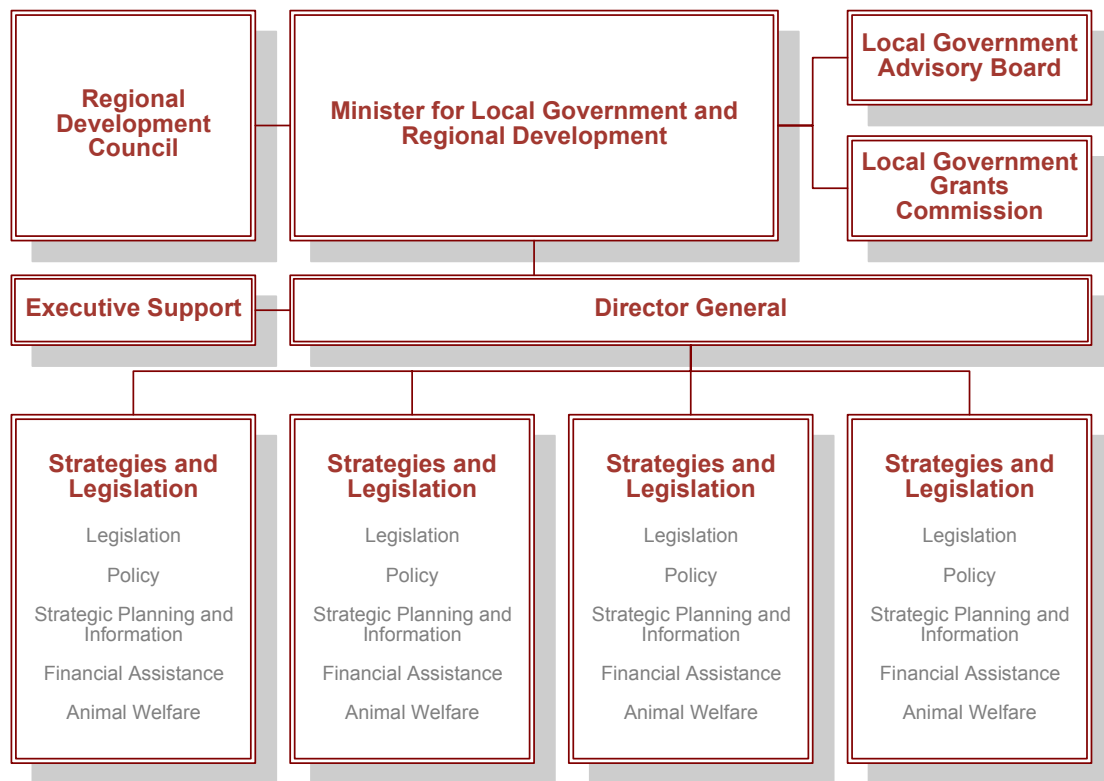
The relationship between the Department's three output areas and the Government's strategic objectives is outlined below.

| Government Strategic Objectives | Desired Outcome | Outputs |
|--|---|--|
| <p>A growing and diversified economy</p> <p>Strong and vibrant communities</p> <p>Safe, healthy and supportive communities</p> <p>Honest, accountable and inclusive government</p> | <p>To enhance the development and capacity of communities through good government, economic growth and social well-being.</p> | <p>1. Implementation of Government policy Ensuring that the Minister and the Government are provided with quality information and support.</p> |
| | | <p>2. Improved access to services and capacity for development in regional communities Enhancing the social and economic development of communities through the provision of assistance, funding and leadership.</p> |
| | | <p>3. Better local government Through advice, support and compliance monitoring, assist local governments to be more efficient and effective and to achieve good governance and be responsive to community needs.</p> |

Department Structure and Staff

The Department comprises four divisions:

- Strategies and Legislation;
- Capacity Building;
- Governance and Statutory Support; and
- Corporate Business Services.



THE CORPORATE EXECUTIVE

Cheryl Gwilliam, Director General

Ms Gwilliam has extensive experience in public sector management, including as former CEO of the State Supply Commission and executive positions with contracting and industry agencies.

Ian Cowie, Director Strategies & Legislation

Mr Cowie has a strong public sector policy background and been involved with many legislative reforms relevant to local government.

Stephen Cole, Director Capacity Building

Mr Cole has extensive experience in local government operations. He also has been involved in the development of a significant number of projects relating to local government operations and regional development initiatives including the Telecentre Network throughout the State.

Department Structure and Staff

Quentin Harrington, Director
Governance and Statutory Support

Mr Harrington has a strong public sector policy background. He has also been extensively involved in industry and policy development in regional and non-regional areas.

Ross Earnshaw, Director Corporate
Business Services

Mr Earnshaw has extensive experience in the corporate services area and has worked in a number of different agencies in varying financial, human resource and administrative roles.

STRATEGIES AND LEGISLATION DIVISION

The Strategies and Legislation Division reviews, develops and implements policy and legislation. It also ensures that the research, strategic planning and data needs for the work of the agency are met. The Division manages key programs under the Government's four-year Regional Investment Fund and administers various other funding schemes for local governments and community groups. The Division comprises five branches:

Legislation coordinates the preparation of legislation administered by the Department. It also monitors the statutory procedures and content of local laws being adopted by local governments. The Department is responsible for the *Local Government Act 1995* and other legislation relating to Regional Development Commissions, dogs, caravan parks and camping grounds, off road vehicles, and cemeteries. The branch also provides advice on legislative matters to local governments and other government agencies.

Policy coordinates the Department's strategic policy development to meet the Government's policy commitments. It conducts reviews of relevant legislation and prepares policy recommendations and advice for the Minister. It also conducts relevant research and liaises with key industry stakeholders. The branch is also responsible for providing support for the State Regional Development Council and is an active partner with other government agencies in the development of whole of government policy and strategies that impact upon local governments and regional development such as the State Sustainability Strategy. The branch also supports relevant Ministerial councils.

Strategic Planning and Information is responsible for strategic planning, budget preparation (outputs, outcomes and targets) and agency performance reporting. It is also responsible for local government statistical information and the provision of statistical and economic data to assist Regional Development Commissions and other organisations that promote regional development.

Financial Assistance is responsible for the management of the Department's grant programs. It is responsible for the development and ongoing implementation of the Regional Infrastructure Funding Program and the WA Regional Initiatives Scheme as part of the Government's major regional initiative - the Regional Investment Fund. Other programs administered by the branch include the Regional Collocation Scheme and the Community Facilities Grants Program. It is also responsible for the management and delivery of regional investment tours.

Department Structure and Staff

Animal Welfare was established in April 2003 and develops and implements animal welfare strategies in line with government and departmental policies. It administers the *Animal Welfare Act 2002* and liaises with other organisations and the community on animal welfare issues. In addition, it is also responsible for licensing and monitoring of scientific establishments.

CAPACITY BUILDING DIVISION

The Capacity Building Division supports and develops initiatives that provide Western Australian communities and organisations with the necessary infrastructure, including skills, resources, networks and information, to allow them to pursue their own development. There are four branches within this Division.

Local Government Support and Development provides advice and support to local government elected members and officers on the operation of the *Local Government Act (and regulations) 1995*, which assists local governments to function efficiently and effectively. The branch conducts programs, such as the Council Advice Program, CEO Support Program, Mayors' and Presidents' Support Program and Peer Support Team that provide assistance and advice and draw on the experiences of people in the industry to comment on council processes, recommend best practice and provide a mentoring role. Programs such as these are developed and delivered in cooperation with the Western Australian Local Government Association and Local Government Managers Australia (WA). The branch also works with local governments and other key stakeholders to develop guidelines and procedures to support local governments' operations.

Community Capacity Building provides advice, assistance and information to communities to enhance their economic and social development. It develops and implements cross-regional policies and strategies to develop skills and strengthen communities and is involved with the development of leadership and facilitation programs.

Satellite Services through Westlink, provides communication services to more than 200 regional and remote communities using satellite technology. Facilities include broadcasting studio access for government agencies and private sector clients, videoconferencing and technical support for satellite receiving equipment.

Telecentre Support provides financial assistance and development support to the Western Australian Telecentre Network. Telecentres are not-for-profit community managed facilities that provide country residents with local access to Internet enabled computers, two-way 128kb videoconferencing, photocopiers, facsimile machines, information on a range of government services and a satellite teaching service. Services provided by the branch include assistance to establish new Telecentres, Internet access points (TAPS) and high-tech transportable Telecentres (MITES), brokerage of new business opportunities, provision of training opportunities, and assistance with Telecentre planning and development.

Department Structure and Staff

GOVERNANCE AND STATUTORY SUPPORT DIVISION

The Governance and Statutory Support Division oversees the understanding of, and compliance by, local governments with legislation administered by the Department. It offers guidance on the various Acts that the Department is responsible for and undertakes inquiries and investigations into breaches of these Acts. It also supports a range of commissions, boards and committees engaged in providing representation, advocacy and advice to government. There are three branches within the Division.

Western Australian Local Government Grants Commission is responsible for determining and distributing Commonwealth general-purpose financial assistance grants to local governments. This is a requirement under the Commonwealth's *Local Government (Financial Assistance) Act 1995*.

Compliance and Advice deals with compliance with the *Local Government Act 1995*. It reviews local government statutory compliance returns and auditor reports and undertakes compliance audits on local governments. The branch is also responsible for dealing with complaints about local governments and investigations into local government. Other key roles include providing advice to the Minister in relation to the operation of the *Caravan Parks and Camping Grounds Regulations 1997*, *Cemeteries Act 1986*, *Dog Act 1976* and *Control of Vehicles (Off-road areas) Act 1978*, processing appeals and approvals under relevant Acts and supporting several statutory boards and committees.

Building Control advises the Minister for Local Government and Regional Development, Government agencies, stakeholders and the public on issues relating to building regulation and minimum construction standards. This involves initiating and formulating draft State policy, assisting local governments with the administration of building control, which relies on the Building Code of Australia, and development and maintenance of minimum standards for safety, health and amenity in new buildings. The branch also provides advice to the Minister on the determination of appeals against building control decisions made by local governments.

CORPORATE BUSINESS SERVICES

Corporate Business Services provides a range of support services for the rest of the Department including:

- Financial Services;
- Personnel Services;
- Information Services;
- Technology Services; and
- Public Affairs and Media Management.

Department Structure and Staff

New Staff Accommodation

The Department's recent relocation to one central office will enable greater efficiencies for all stakeholders.

Since July 2001, the Department has been operating from two separate locations and the consolidation into one location will improve service delivery.

It also provides for a more modern and comfortable working environment for staff.

The Department is now better positioned to move forward strategically and operationally.

Career and Personal Development

The Department is committed to the development of its employees and providing a satisfying and rewarding working environment.

During the financial year, a new Workplace Development Program was developed and implemented which facilitated a greater range of training and development options for staff.

Staff participated in a wide range of training courses with approximately 450 hours of training provided to employees.

A new Staff Placement Program is being developed which will further career and personal development.

Occupational, Health, Safety, Worker's Compensation and Rehabilitation

No new workers compensation claims were lodged in 2002-2003. As at 30 June, 2003 there were no employees undergoing rehabilitation.

The Department's Wellness Program was successfully implemented this year, bringing many benefits to staff. The program aims to raise health issues from a personal and work perspective to assist employees in gaining self-awareness and achieving a healthy and balanced lifestyle.

As part of the Department's positive approach to staff health, influenza vaccinations were offered to all staff.

A corporate gym membership was also established and has been well received by staff.

Disability Services

The Department's Disability Services Plan is currently being reviewed to ensure that it provides an appropriate framework for effective future disability planning.

New staff accommodation also provides improved access facilities for people with disabilities.

A major restructure of the Department's website is also planned for 2003-04 which will ensure that the needs of people with disabilities are further addressed.

Department Structure and Staff

Cultural Diversity and Language Services Outcomes

The Department has implemented initiatives such as promoting the use of Translating and Interpreting Services and using multilingual staff within the Department, to address potential language barriers that impact on customer service.

Staff Profile

As at 30 June, 2003 the Department had 107 employees, 50 female and 57 male. The following table illustrates the gender ratio for salary ranges:

Of the total staff employed by the Department as at 30 June, 2003 75% were employed on a full-time basis, 7.5% on a part-time basis, 16.5% on term contracts and 1% employed as trainees.

| Salary Range (\$) | | | |
|----------------------|-------|-------|-----|
| | Total | Women | Men |
| 0 - 35,951 | 10 | 9 | 1 |
| 35,952 - 41,420 | 9 | 7 | 2 |
| 41,421 - 46,640 | 13 | 8 | 5 |
| 46,641 - 51,883 | 16 | 8 | 8 |
| 51,884 - 60,377 | 25 | 11 | 14 |
| 60,378 - 70,355 | 13 | 5 | 8 |
| 70,356 - 79,686 | 12 | 1 | 11 |
| 79,687 - 91,298 | 3 | 0 | 3 |
| 91,299 - 103,693 | 4 | 0 | 4 |
| greater than 103,693 | 2 | 1 | 1 |
| Total | 107 | 50 | 57 |
| Employment Type | | | |
| | Total | Women | Men |
| Permanent Full-time | 80 | 30 | 50 |
| Permanent Part-time | 8 | 7 | 1 |
| Fixed Term Full-time | 18 | 12 | 6 |
| Trainees | 1 | 1 | 0 |
| | 107 | 50 | 57 |

Energy Smart

During 2002-03, the Department rationalised the quantity of office equipment (electrical) required for operational purposes. As part of the Department's efforts to provide upgraded computers to staff, particular attention has been made to incorporate power management settings that reduce consumption during periods of inactivity.

Waste Paper Recycling

The Department has a strong commitment to paper recycling and makes extensive use of recycling providers and actively encourages staff to recycle paper.

Department Structure and Staff

FUTURE DIRECTIONS

EEO Programs and Initiatives

In 2002-03, the Department increased the representation of Indigenous staff employed within the agency. Two Indigenous staff members and a further two Indigenous trainees were appointed. The Department has played a more significant role in 2002-03 in promoting Indigenous issues and it is likely that this will have a positive impact on its workforce over coming years.

The Department actively encourages the recruitment from people with culturally diverse backgrounds, people with disabilities and youth. Further strategies are being considered to progress a more diverse workforce including working in partnership with organisations to improve and facilitate opportunities for employees with disabilities within the Department.

Operational Summary

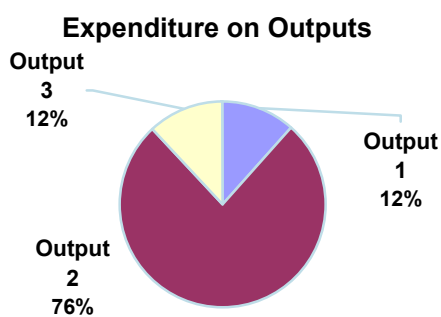
During 2002-03, the Department expended \$28.182million to provide advice and services to its key stakeholders. A further \$12.9million was committed to projects through the Regional Investment Fund but was not spent in the 2002-03 financial year.

Funding of Outcome and Outputs

Local Government and Regional Development funding is allocated to support its three output areas as shown below. Output 2 Support for Regional and Local Communities accounts for 76% of the Department’s expenditure.

There was a significant variance between the estimated and actual expenditure for Output 2 as shown below. A total of \$9.5 million of the \$24.1million budget allocation for the Regional Investment Fund was expended.

Source 2002-03 Budget Statements Vol 1



| OUTPUTS | Estimate \$,000 | Actual \$,000 |
|---|--------------------|------------------|
| Output 1 Development of policy advice to Government | 2,926 | 3,271 |
| Output 2 Support for regional and local Communities | 33,981 | 21,649 |
| Output 3 Compliance, Monitoring and Advisory Services | 3,237 | 3,415 |
| TOTAL EXPENDITURE | 40,144 | 28,335 |

Operational Summary

Performance Against Output Measures

Output 1: Development of policy advice to Government

Key Effectiveness Indicator

| | 2002-03 Target | 2002-03 Actual |
|--|-------------------|-------------------|
| Client satisfaction with information and services..... | 75% | 86% |

Output Performance Measures

| | 2002-03 Target | 2002-03 Actual | Reason for Significant Variation |
|---|-------------------|-------------------|---|
| Quantity | | | |
| Written advice requiring Minister's attention..... | 4,000 | 3,211 | |
| Legislative amendments drafted..... | 5 | 5 | |
| Quality | | | |
| Minister's satisfaction with the quality of service delivered from the Department..... | 3* | 4* | |
| Timeliness | | | |
| Minister's satisfaction with the timeliness of the service delivered from the Department..... | 3* | 4* | |
| Cost (Efficiency) | | | |
| Average cost per piece of written advice requiring Minister's attention..... | \$693 | \$951 | Reflects lower than expected number of written advices. |
| Average cost of legislative amendments drafted..... | \$30,400 | \$43,800 | Underestimation of costs. |

* Using a scale from 1 (well below expectations) to 5 (well above expectations).

Operational Summary

Output 2: Support for regional and local communities

Key Effectiveness Indicator

| | 2002-03 Target | 2002-03 Actual |
|--|-------------------|-------------------|
| Client satisfaction with information and services..... | 75% | 84% |

Output Performance Measures

| | 2002-03 Target | 2002-03 Actual | Reason for Significant Variations |
|---|-------------------|-------------------|--|
| Quantity | | | |
| Advice and information provided to clients..... | 33,000 | 33,552 | |
| Applications for financial assistance evaluated. | 395 | 485 | |
| Local governments assessed for financial assistance. | 144 | 144 | |
| Satellite receiving sites installed and supported..... | 235 | 234 | |
| Applications funded for financial assistance..... | 100 | 98 | |
| Quality | | | |
| Survey results of client satisfaction with the level of quality of service delivered by the Department. | 75% | 84% | |
| Timeliness | | | |
| Client satisfaction with the Department's response time for dealing with service delivery and other issues..... | 75% | 84% | |
| Cost (Efficiency) | | | |
| Average cost per advice and information provided to clients..... | \$49 | \$59 | |
| Average cost per application evaluated. | \$6,687 | \$6,794 | |
| Average cost per local government assessed..... | \$7,806 | \$4,014 | The Corporate Services costs assigned to the Grants Commission was over-estimated. |
| Average internal cost per satellite site supported. | \$9,950 | \$6,996 | Overestimation of target costs. |
| Average grant approved for local and regional communities..... | \$262,680 | \$136,788 | Value of grants distributed was lower than expected. |

Operational Summary

* Using a scale from 1 (well below expectations) to 5 (well above expectations).

Output 3: Compliance, monitoring and advisory services

Key Effectiveness Indicator

| | 2002-03 Target | 2002-03 Actual |
|---|-------------------|-------------------|
| Conclusions drawn from Departmental investigations are substantially accepted by the appropriate authority..... | 80% | 80% |

Output Performance Measures

| | 2002-03 Target | 2002-03 Actual | Reason for Significant Variations |
|---|-------------------|-------------------|--------------------------------------|
| Quantity | | | |
| Building appeals. | 300 | 445 | |
| Telephone enquiries dealt with. | 20,000 | 15,435 | |
| Inquires and investigations. | 115 | 238 | |
| Items of Departmental correspondence (advice) prepared. | 9,000 | 9,268 | |
| Local governments monitored. | 144 | 144 | |
| Applications for boundary change processed. | 40 | 69 | |
| Quality | | | |
| Ministerial Office satisfaction with the quality of building appeal recommendations. | 4* | 4* | |
| Ministerial Office satisfaction with the quality of inquiry and investigation reports. | 4* | 4* | |
| Ministerial Office satisfaction with the quality of boundary changes reports. | 4* | 4* | |
| Timeliness | | | |
| Ministerial Office satisfaction with the timeliness of building appeal recommendations. | 3* | 4* | |
| Ministerial Office satisfaction with the timeliness of inquiry and investigation reports. | 3* | 4* | |
| Ministerial Office satisfaction with the timeliness of boundary changes reports. | 3* | 4* | |

Operational Summary

| | 2002-03 Target | 2002-03 Actual | Reason for Significant Variations |
|--|-------------------|-------------------|--|
| Cost (Efficiency) | | | |
| Average cost per building appeal | \$753 | \$569 | |
| Average cost per telephone enquiry | \$22 | \$41 | |
| Average cost per inquiry and investigation | | | Differing methods of recording complaints arising from the changeover from a manual system to an automated system. |
| | \$5,208 | \$2,001 | |
| Average cost per item of correspondence (advice) prepared | \$83 | \$131 | |
| Average cost of monitoring each local government | \$5,988 | \$4,700 | The number of applications for boundary changes was in excess of the target allocated and as result of local governments seeking to review boundaries before the May 2003 elections. |
| Average cost per dealing with an application for boundary change | | | |
| | \$9,004 | \$2,439 | |

* Using a scale from 1 (well below expectations) to 5 (well above expectations).

Trends and Issues

DEMOGRAPHIC TRENDS

Population distribution

Western Australia is characterised by a highly centralised population, with only 27% of the population living outside of the metropolitan area. Much of the non-metropolitan population resides in regional centres such as Mandurah, Bunbury, Albany, Geraldton and Kalgoorlie.

| Region | 2001 ⁽¹⁾ | % | 2006 ⁽²⁾ | % |
|-----------------------|---------------------|----|---------------------|----|
| Perth | 1,336,349 | 73 | 1,500,000 | 72 |
| South West | 127,698 | 10 | 222,000 | 11 |
| Peel | 56,926 | | | |
| Great Southern | 50,918 | 3 | 56,000 | 3 |
| Wheatbelt | 69,410 | 4 | 79,000 | 4 |
| Goldfield – Esperance | 52,763 | 4 | 68,000 | 3 |
| Mid West | 48,269 | 3 | 68,000 | 3 |
| Gascoyne | 9,889 | | | |
| Pilbara | 37,762 | 2 | 45,000 | 2 |
| Kimberley | 31,222 | 2 | 34,000 | 2 |
| Total | 1,823,206 | | 2,074,004 | |

Source:

¹ Australian Bureau of Statistics Catalogue 2015.0

² Ministry for Planning (2000)

This tendency is likely to continue. Based on population projections produced by the Department of Planning and Infrastructure, it is anticipated that Western Australia's population will have reached more than two million people by 2006. This is likely to be distributed in a similar manner but with a greater proportion of the State's population living in the Peel and South West regions.

Implications

All regions will experience some population increase over the next five years. However, the rate of increase will be greater in the South West and Peel regions and this will place increasing pressure on services and infrastructure.

The continued dominance of the metropolitan area is likely to lead to issues with the equitable delivery of services to non-metropolitan areas.

Ageing population

Seniors over the age of 65 were the fastest growing age group during the inter census period. However some areas, in particular the South Eastern, Kimberley and Pilbara Statistical Divisions had significantly lower proportions of people over the age of 65. This reflects, in part, the nature of the industrial base of these areas.

Trends and Issues

Implications

The age structure of a community reflects the economically active population and thus the potential for economic growth. It has implications for both the potential for development and also the requirements for services and infrastructure.

| Percentage of Residents in 0-14 and 65+ Age Cohorts | | | | |
|---|-------------------|------|-------|------|
| Statistical Division | 1996 ¹ | | 2001 | |
| | 0-14 | 65+ | 0-14+ | 65+ |
| Perth | 21.5 | 10.8 | 20.6 | 11.2 |
| South West | 25.3 | 11.9 | 23.3 | 12.8 |
| Upper Great Southern | 25.5 | 10.6 | 23.8 | 11.6 |
| Lower Great Southern | 25.3 | 11.5 | 23.5 | 12.7 |
| Midlands | 25.3 | 10.0 | 23.9 | 11.6 |
| South Eastern | 24.3 | 5.3 | 24.2 | 6.1 |
| Central | 22.4 | 10.9 | 21.9 | 12.6 |
| Pilbara | 25.6 | 4.3 | 24.2 | 4.6 |
| Kimberley | 23.6 | 8.7 | 21.8 | 8.4 |
| Total | 22.4 | 10.5 | 21.3 | 11.1 |

Source:

¹ Australian Bureau of Statistics Catalogue 2015.0

Access to Services

Equitable access to opportunities and services for people in regional and remote areas remains a significant issue. There is a need to continue to develop innovative ways of providing services throughout regional and remote areas. It is also important that work continues on developing strategies to attract and retain professional and skilled tradespeople to non-metropolitan areas.

Implications

The Department has a critical role in continuing to advocate for regional and remote communities. The provision of financial assistance, particularly through the Regional Investment Fund will assist communities to realise their potential. The finalisation of the Regional Policy Statement will detail the Government's direction with respect to regional development.

Trends and Issues

Leadership

There has been a strong commitment to empowering communities to take responsibility for determining the type of leadership development being offered. This has indicated the need to develop a range of partnerships with local government, Regional Development Commissions, Aboriginal Corporations and other agencies involved in service delivery to the community.

Implications

The Government has been actively involved in promoting leadership development throughout Western Australia. In line with this, the Department is delivering a series of leadership training programs in partnership with Regional Development Commissions, local government and community organisations. The programs have a strong commitment to incorporating the needs of Indigenous community leaders.

Partnerships

There is a strong commitment in both State and Local Government to improve cooperation to enhance sustainable social, environmental and economic development of Western Australia. This, coupled with the understanding that both spheres of government have important roles to play in achieving sustainable outcomes, has resulted in the development of a partnership approach. This has been supported by both State and local governments.

Implications

The signing of a Partnership Agreement between State and Local Government will pave the way to developing a range of agreements to address matters of common interest.

As a matter of priority, there will be a focus on developing a Communication and Consultation Agreement to underpin the working relationship between the two spheres of government.

Activities Against Outputs

OUTPUT 1: DEVELOPMENT OF POLICY ADVICE TO GOVERNMENT

Output Description

Review, develop and implement policy and legislation. Research and provide data to ensure stakeholders have access to information that facilitates their strategic and operational needs.

LEGISLATION

Amendments to the *Local Government Act 1995* and associated regulations

The Department progressed proposals for amendments to the *Local Government Act 1995* and associated regulations, in consultation with the WA Local Government Association and Local Government Managers Australia (WA), to improve the efficiency of operations of local government. The proposed Local Government Amendment Bill will incorporate many changes to existing legislation including removing provisions requiring special majority decisions by councils and reducing red tape associated with the making of local laws.

The Bill is expected to be introduced to State Parliament later in 2003.

Animal Welfare Bill

The Department prepared the WA Government's new *Animal Welfare Bill*, which was passed by State Parliament in November 2002 and enacted on 4 April 2003. The new Act replaced the Prevention of Cruelty to Animals Act of 1920.

The Department also produced regulations and codes of practice to support the *Animal Welfare Act 2002*. Under the new Act, people convicted of cruelty to animals in Western Australia face some of Australia's harshest penalties including fines of up to \$50,000 and a maximum five-year prison sentence. In addition to fines and imprisonment, there is a provision in the new Act for courts to impose orders to protect animals, either by seizing them or preventing a person from owning animals in the future.

The Act also introduced restrictions on the use of certain electrical devices and steel jaw traps, restrictions on the docking of dogs' tails and penalties for organising or spectating at events which involve fighting animals.

One of the key outcomes of the new legislation has been the appointment of more than 100 general inspectors throughout the State. Officers from State and local governments have been appointed to assist RSPCA inspectors, providing a more comprehensive coverage of animal welfare.

Activities Against Outputs

POLICY

Review of the *Dog Act 1976*

The Department completed a major community consultation for the review of the *Dog Act 1976* and its associated regulations. An issues paper was produced on proposed amendments to the legislation and widely distributed to stakeholders and interested parties for their comment. In addition, Statewide public forums and workshops designed to identify problems with the current Act and develop solutions to such problems were undertaken. A policy position paper will be released early in the 2003-04 financial year for public comment which will assist in forming the basis of amendments to the Act.

Review of the *Local Government Grants Act 1978*

The Department completed a review of the *Local Government Grants Act 1978*. A report which suggests some amendments to the Act to enhance its effectiveness was prepared.

Review of the Local Government Grants Commission's methodology

The WA Local Government Grants Commission (WA LGGC) commenced a review of its allocation methodology in July 2002 and consulted extensively with local government.

The WA LGGC is responsible for the distribution of a significant amount (more than \$173 million in 2003-04) of Commonwealth funding to local government.

The review examined issues associated with the WA LGGC grant allocation methodology including issues raised in the 2001 Commonwealth Grants Commission (CGC) review of the Commonwealth Government's *Local Government (Financial Assistance) Act 1995*.

The WA LGGC produced a draft report in December 2002 which examined some of the major issues under consideration in the review such as the treatment of local government revenues, including fees and charges; ex gratia contributions and revenues from business undertakings such as airports; the assessment of revenues and expenditure associated with sanitation and refuse operations; and the way disability factors are applied. Some changes in methodology arising from the review were implemented in the 2003-04 allocations, while other issues are under consideration.

Regional Policy Statement

In November 2002, the Department released a Draft Regional Policy Statement for Western Australia for public comment. The draft regional policy statement identified how the Government would work with regions and regional communities in assisting them to achieve their sustainable economic, social and environmental aims. A total of 99 submissions were received from a wide range of organisations and individuals from the public and private sectors. Following analysis of the submissions, it is anticipated that the final policy statement will be released later in 2003.

Indicators of Regional Development in Western Australia Report

The Indicators of Regional Development in Western Australia report was released by the Department in March 2003. The report provides more than 100 indicators covering social, economic and environmental outcomes.

Activities Against Outputs

The indicators measure the contributions made by Government, the private sector and communities to regional development. The report is an important resource for regional communities and is a benchmark for the relative comparison of services in the regions.

It will also assist Government agencies in better decision-making in relation to regional development issues.

PROVISION OF INFORMATION

The research and collection of key economic and statistical information on behalf of regional communities, development commissions and other regional organisations continues to be a strong focus.

During the year, the Department released a number of publications including the Western Australian Wine Industry report and the Economic Perspectives publications for each of the nine regions in partnership with the Regional Development Commissions. The Kimberley and Goldfields-Esperance editions of the Economic Perspectives were released to coincide with investment tours in those regions. The remainder were in the final phase of pre-publication at 30 June, 2003.

OTHER PROJECTS

The Department was involved in a range of non-statutory projects in 2002-03.

State and Local Government Partnership Agreement

The implementation of a partnership agreement between State and Local Government is actively supported by the Department. The State Local Government Partnership Agreement was signed on 4 December, 2002 and enshrines the following principle:

A commitment to improving cooperation between State and Local Government to enhance sustainable social, environmental and economic development of Western Australia through consultation, communication, participation, cooperation and collaboration at both strategic and project levels.

The agreement framework included a set of guiding principles and a template for partnership agreements. It also supported the establishment of State Local Government Council, which will meet three times a year. The Council comprises the:

- Premier;
- President of the WA Local Government Association;
- President of the Local Government Managers Australia (WA);
- Treasurer;
- Minister for Local Government and Regional Development; and the
- Minister for Planning and Infrastructure.

The Council's key role is to address a range of strategic issues relating to the relationship between State and local government and to work within the partnership framework to progress a number of important areas including the arts, sustainability, employment initiatives and coordinated government services.

The inaugural meeting of the newly formed council held on 14 May, 2003 considered a range of pertinent issues including crime prevention, natural resource management and sustainability.

Activities Against Outputs

Advisory Committee on Women in Local Government

In December, 2002 the Minister for Local Government and Regional Development established an Advisory Committee on Women in Local Government to provide advice on ways of encouraging and assisting women to seek employment and progress their careers in the local government sector. The Department provides executive support for the Committee.

The key role of the Advisory Committee is to identify and consider matters relating to the employment of women in local government. Inherent in this role, is developing and implementing strategies to support and encourage women's employment and career development in local government and working in partnership with other public sector and private agencies to facilitate further career opportunities.

The Advisory Committee met in December 2002 and April 2003 and identified several main areas of focus as a basis for its work.

The three priorities determined by the Committee are the establishment of a mentoring program; the promotion of local government in curricula; and finding ways of improving selection processes, including encouraging more women to apply for positions in local government.

Youth in local government

The Department recognises the importance of involving younger members of the community in local government. The Department will be addressing this issue over the next two years with a view to developing strategies to promote youth involvement in local government at the community level.

Pastoral Industry Working Group on Pastoral Rating

The rating of pastoral land by local governments was one of the aspects of pastoral land management discussed at the Gascoyne Muster – a Pastoral Industry Forum, convened by the Minister for Planning and infrastructure in Carnarvon.

Since this forum, the Minister for Local Government and Regional Development established a Pastoral Rating Working Group to consider issues relating to local government rating of pastoral leases such as the way in which ground rents for pastoral leases are determined and the method used by local governments to set pastoral leasing rates.

The Working Group included representation from local government, the pastoral and mining sectors, relevant Government departments and Indigenous interests. On receiving executive and research support from the Department, the Working Group successfully completed its work and report in June 2003.

Activities Against Outputs

REGIONAL DEVELOPMENT COUNCIL

The Regional Development Council has met four times since July 2002. This included two meetings in regional Western Australia, which were held at Exmouth in August 2002 and in Albany in March 2003. The council also met twice with the Cabinet Standing Committee on Regional Policy (CSCRП).

An independent Chair has been appointed to the council. The Chair Mr Ian Taylor, brings substantial experience at the highest level of government policy and decision making and can draw upon an extensive network of relationships built with communities, businesses and government throughout the State.

Through its commitment to meet with the CSCRП twice a year, the council has established a strong policy dialogue with the Government. The council raised a number of key issues with the CSCRП, including health, water, tourism and planning.

The disaggregation of Western Power into four entities, including a Regional Power Corporation was identified early by the council as a fundamental reform that would have far reaching and long-term impacts on economic and community development in all regional areas. The council, through the CSCRП, has played a lead role in ensuring that regional issues are considered.

Future Directions

In 2003-04, the Department will be focusing on a number of activities including:

- Draft and introduce an Amendment Bill to the *Dog Act 1976* and update the associated regulations;
- Collaborate with local government to develop and implement Codes of Practice for dog management and control;
- Finalise and release the Regional Policy Statement for the State Government;
- Introduce a Third Amendment Bill for the *Local Government Act 1995*;
- Implement changes to Local Government Grants Commission methodology as determined by the review conducted in 2002-03;
- Complete the review of the *Caravan Parks and Camping Grounds Act 1995* and recommend changes to legislation if required;
- Complete the review of the *Control of Vehicles (off-road Areas) Act 1978* and recommend changes to legislation if required;
- Commence a review of provisions in the *Local Government Act 1995* which relate to staff and problems in local government; and
- Commence a review of the local government election system.

Activities Against Outputs

OUTPUT 2: SUPPORT FOR REGIONAL AND LOCAL COMMUNITIES

Output Description

Support and develop initiatives that provide communities and organisations with the necessary information including skills, resources, networks and information to facilitate their development.

FINANCIAL ASSISTANCE

Regional Investment Fund

In 2002-03, a total of \$24.1million in grants were allocated through the State Government's \$75million Regional Investment Fund initiative. This comprises three components:

- Regional Infrastructure Funding Program;
- Western Australian Regional Initiatives Scheme; and
- Regional Development Scheme.

The second year of the Fund saw the funding allocated to a total of 204 projects.

Regional Infrastructure Funding Program

The Regional Infrastructure Funding Program (RIFP) provides financial assistance to major capital works projects, designed to assist in attracting investment and increasing jobs in regional areas or to improve the access of regional communities to services.

A number of projects were approved in the 2002-03 year including:

- Geraldton CBD and foreshore redevelopment;
- Collie Motorplex;
- Derby Airport runway;
- Goldfields North Heritage Trail;
- Ongerup Malleefowl Visitor and Interpretive Centre;
- Busselton Jetty Underwater Observatory;
- Northam CBD redevelopment;
- Regional community housing; and
- Denmark Education and Innovation Centre.

The projects accounted for \$4.5million.

A further \$8.2million has been allocated for 2003-04 through a competitive application process to 13 applicants under the RIFP. These projects are outlined below.

Activities Against Outputs

| RIFP Projects Approved for 2003 – 04 | |
|---|---|
| Applicant | Description of Project |
| Shire of Donnybrook-Balingup | Construction of the Donnybrook suspension bridge |
| Broome Port Authority | Extension to Broome Wharf |
| Shire of Roebourne | Redevelopment of the historic town of Cossack |
| Fairbridge Western Australia | Fairbridge redevelopment program |
| Department of Planning and Infrastructure | Construction of a 100m land-backed wharf at Carnarvon Boat Harbour |
| Shire of Lenora | Upgrading the main street (Tower Street) in Leonora |
| Shire of Dundas | Developing the Dundas Woodlands Discovery Trail |
| Shire of Kojonup | Development of the Kojonup Tourist Railway |
| Shire of Collie | Further development of Collie Entrance Tourism Precinct |
| Gravity Discovery Centre Foundation | Further development of Gravity Discovery Centre |
| Shire of Broome | Construction of transportable stadium seating suitable for forthcoming international beach volleyball tournaments |
| Shire of Gingin | To sewer the northern precinct of the Lancelin townsite |
| Shire of Dalwallinu | Industrial land development |

Western Australian Regional Initiatives Scheme

The Western Australian Regional Initiatives Scheme (WARIS) is designed to support non-capital works projects that will deliver benefits across more than one of Western Australia's nine regions. Approximately \$1.3million was approved for 21 organisations under WARIS as shown below.

| WARIS INITIATIVES FUNDING | |
|---|--|
| Applicant | Description Of Project |
| Anglicare | WA Community Foundation – establishment of legal structure to receive philanthropic donations for income generation towards community development projects |
| Black Swan Theatre | Community participation and training for 2003 regional theatre productions |
| Combined Universities Centre for Rural Health | Design an online training course for the accreditation of enrolled nurses (EN) Certificate 1V to be piloted in the Pilbara; Mid West |
| Country Arts WA | Out There in Focus – regional youth art promotion and documentation project. |
| Film and Television Institute | Making Movies Roadshow – filmmaking workshops and screenings of local films in regional locations. |
| Gascoyne Development Commission | Maintenance and promotion of Outback Resource Atlas interrogative database – an investment development guide for WA's Southern Rangelands |
| Goolari Media Enterprises | Business planning for the Indo-Pacific Cultural Festival in the North West |
| Great Southern Development Commission | Noongar Arts Industry Marketing Strategy |
| Greening Australia | Native plant based industry development |
| GreenSkills | Organic/Biodynamic Industry Development Stage 2 |
| Indigenous Festivals of Australia. | Croc Festivals in Kalgoorlie and Derby |
| Mary Moore | WA Wildflowers Artworks |
| Mid West Development Commission | Gascoyne Murchison Outback Pathways – construction of interpretive sites on tourism pathways |
| Murdoch University | Pilbara Regional Sustainability Strategy |
| Shire of Dundas | Marketing and promotion of Dundas Woodlands Discovery Trail |
| Southern Aboriginal Corporation | Noongar Business Startup Centre in Bunbury; Albany |
| Trades and Labour Council of WA | Preliminary study of skills needs for indigenous youth in the Pilbara; Kimberley |

Activities Against Outputs

| WARIS INITIATIVES FUNDING | |
|--|---|
| Applicant | Description Of Project |
| University of Western Australia– Faculty of Architecture | Research into built environment and landscape/cultural mix |
| University of Western Australia – Institute for Regional Development | Online communities of support for leadership and governance in Aboriginal communities |
| WACOSS | Regional Community and Leadership Development Program |
| Wine Industry Association of WA | Regional workshops promoting best practice in the wine industry |

Regional Development Scheme

The third component of the Regional Investment Fund, the Regional Development Scheme, is the responsibility of the Regional Development Commissions. A total of \$3.3million was approved for the nine Regional Development Commissions in 2002-03.

Community Facilities Grants Program

Approximately \$745,000 was made available to 39 successful applicants from local governments, community groups and Indigenous communities to assist with the cost of providing new public facilities in rural and remote communities. Projects as diverse as providing children's playgrounds, shade for swimming pools, information signs and litterbins were funded.

Other Programs

Grants were also made available to a range of communities under the Regional Collocation Scheme (which supports the construction or refurbishment of a building to collocate various services in regional communities) and through the Main Street program (which supports community groups to undertake a range of promotional and beautification projects in their towns).

The Indigenous Infrastructure Projects Program and the Indigenous Arts and Tourism Facilities Funding Program were launched. These programs aim to provide assistance to remote Indigenous communities for infrastructure, arts and tourism projects.

Work commenced on the preparation of guidelines for a new Regional Headworks Program, which is planned to be launched early in 2004.

In addition, the State Government continued its support to the Royal Society for Prevention of Cruelty to Animals Western Australia (RSPCA-WA) with funds of \$250,000 per annum over four years. This funding has enabled the RSPCA to conduct ongoing educational programs with the community, which promote animal welfare.

Regional Investment Tours

The Department works in partnership with the State's Regional Development Commissions to develop and promote regional investment tours. These tours provide a valuable opportunity to the region's businesses to secure financial and intellectual capital that can invigorate the State's economy. Three major investment tours were conducted in 2002-03 for the Gascoyne, South West and Peel regions, led by State Government Regional Ministers.

Activities Against Outputs

COMMUNITY CAPACITY BUILDING

Community Support

A wide range of regional communities received assistance for their development from the Department through community planning meetings and workshops covering submission writing and teambuilding. The Department also provided input and support for the development of the Western Australian Community Foundation.

Community Leadership

New leadership and capacity building initiatives were developed over the year for the benefit of regional residents throughout the State. This included developing and implementing a Community Leadership Plan and the creation of a dedicated website to maximise community leadership development opportunities in Western Australia.

The WA Community Leadership Plan identifies major issues and support strategies for a long-term framework to better facilitate and integrate opportunities for the development of community leadership across the State.

Four main areas are targeted – networking; accessing information; maximising resources; and promoting research and evaluation. The Plan has been developed from the input received from more than 700 people who attended the WA Community Leadership Workshop held across the State in April 2002.

The Department also implemented a series of new community leadership support programs, which are consistent with the Government's response to the Gordon Inquiry, and place a priority on the development of leadership skills of Aboriginal people. These programs have been developed in line with key priorities identified in the WA Community Leadership Plan and include:

- Making Connections – a program designed to strengthen the collective skills of people providing leadership and associated services to Indigenous communities;
- Network of Support – an initiative designed to support participants in their community which supports the “Making Connections” program;
- WA Community Leadership Program – a community leadership program for up to 100 leaders across Western Australia.; and the
- Indigenous Leadership Fund – small grants (up to \$5,000) to Indigenous communities for leadership initiatives.

Rural, Remote and Regional Network

The Rural, Remote and Regional (RRR) Women's Network, cofunded with the Department of Agriculture, seeks to bring together women to recognise, promote and expand the contribution they make to their communities.

It has expanded significantly over the year and now has 8000 members who receive the RRR Network's magazine Network News, which is produced quarterly.

Year of the Outback 2002

In joining with the nation to celebrate and support the Year of the Outback (YOTO) in 2002, the Department was responsible for the coordination of the State Government's contribution to this successful initiative. A Year of the Outback Coordination Unit promoted and encouraged activities throughout the year.

Activities Against Outputs

A number of events received funding support including:

- ABC Outback Upfront series;
- Geraldton Speed Shears;
- Carnarvon Rodeo;
- Noongar Art (Brunswick Agricultural Show); and
- Outback Race Days, Perth and Kalgoorlie.

TELECENTRES

Telecentres continue to expand the range of government services offered to their clients and have clearly established themselves as a centre for the delivery of government and commercial services to regional Western Australia.

The Telecentre Network has injected into the regions, opportunities and services which enable individuals, business and community groups in rural and remote parts of the State to reap the economic and social benefits offered by modern communication technologies, including videoconferencing and access to Broadband Internet.

Two new telecentres were approved for funding in 2002-03. These were Cue and Kundat Djaru (Ringers Soak).

Seven applications for video conferencing facilities within telecentres were approved during the financial year, being Cue, Kalbarri, Nungarin, York, Kundat Djaru, Kondinin and Koorda. The roll out to these telecentres will result in 70 of the telecentres in the network having video conferencing facilities.

Communities with 1000 or fewer members may be eligible for support to establish a Telecentre Access Point or TAP. These not-for-profit facilities provide access to some of the Internet services normally provided by the State's Telecentre Network. In 2002-03, seven TAPs were commissioned in regional Western Australia, one each in: Warburton, Eneabba, Yalgoo, Balladonia, Mt Magnet, Wiluna and Cuballing.

This represents an increase in the number of TAPs from eight in 2001-02 to a total of fifteen in 2002-03.

MITEs (Modular Interactive Telecommunications Environments) are transportable buildings that contain all the essential materials to operate a Telecentre. The MITE program provides an opportunity for those communities that wish to establish and undertake the operations of a Telecentre, but do not have a suitable building.

In 2002-03, four communities were approved to receive a MITE – Djarindjin, Jarlmadangah Burru, Billiluna and Wingellina. These are in addition to the first MITE that was installed at Nullagine in September 2001.

OTHER PROJECTS

Indigenous Initiatives

A major priority for the Department continues to be to provide support, assistance and work in partnership with Indigenous communities. The Department's draft of the *Working with Indigenous People and Communities - A Strategic Approach 2002-2005* provides a framework for this approach.

Activities Against Outputs

Key principles for the Department's indigenous work include:

- Fostering community leadership and governance;
- Providing and maintaining local services;
- Fostering partnerships and linkages; and
- Fostering economic development and independence.

The Department's approach is consistent with the Statement of Commitment Agreement between the State Government, the Indigenous community of Western Australia and the Council of Australian Government's Agreement of 3 November, 2000 to advance reconciliation with Australia's Indigenous population.

Key strategies cover areas such as community leadership, local services, partnerships and economic development.

The Department has appointed two additional permanent officers to work on assisting implementation of these strategies. This has involved organising workshops and other forums to bring local governments and Indigenous communities together to discuss common issues, and promote the participation of Indigenous people in Departmental community based leadership initiatives.

Indian Ocean Territories

The Department has a Service Delivery Agreement with the Commonwealth Department of Transport and Regional Services whereby it treats the Shires of Christmas Island and Cocos (Keeling) Islands as though they were local governments under the Western Australian constitution.

These local governments are Indian Ocean Territories but they operate under the auspices of the *WA Local Government Act 1995*. Under a special arrangement the Federal Minister for Local Government and Territories is the designated Minister under that Act.

Future Directions

In 2003-04, the Department will be focusing its attention on a number of activities including:

- Continue with the third year of the State Government's Regional Investment Fund;
- Allocate \$2.8 million from the Regional Investment Fund for specific application to assist the development of infrastructure in indigenous communities;
- Provide funding through the Community Facilities Grant Program to assist local communities to improve facilities such as playgrounds and roadside rest areas in their regions;
- Work in partnership with Regional Development Commissions to develop and promote investment tours to regional areas;
- Continue to improve access to telecommunications throughout Western Australia through the provision of Telecentres, MITES and TAPS;
- Implement the Department's strategic approach to indigenous communities; and
- Complete the first 'Making Connections' leadership program.

Activities Against Outputs

OUTPUT 3: COMPLIANCE, MONITORING AND ADVISORY SERVICES

Output Description

Supports compliance and understanding of administered legislation and assists with the administration of statutory bodies and committees.

COMPLIANCE AND ADVICE

Investigations

The Department received 236 complaints about local government between 1 July 2002 and 30 June 2003 and completed assessing 194 of these complaints during this period (a break down of this information is detailed in the following tables). In addition, more than 200 letters of concern were received by the Department relating to a variety of issues including local government rate increases, planning decisions, local services and facilities, the operation of cemeteries and other Acts administered by the Department.

LOCAL GOVERNMENT OPERATIONS AND PROCEDURES

Procedures within council or committee meetings

Number of Complaints 15, Completed 12

OUTCOMES:

| | |
|---|---|
| Complaint unfounded | 6 |
| Recorded for ongoing monitoring purposes | 2 |
| No role for the Department of Minister | 1 |
| No further action by the Department warranted | 3 |
| Inquiries continuing | 3 |

Tendering processes

Number of Complaints 12, Completed 8

OUTCOMES:

| | |
|---|---|
| Complaint unfounded | 1 |
| No role for the Department or Minister | 4 |
| Referred to local government | 1 |
| Process improvement recommended | 1 |
| No further action by Department warranted | 1 |
| Inquiries continuing | 4 |

Activities Against Outputs

Other administrative processes and procedures

Number of Complaints 34, Completed 30

OUTCOMES:

| | |
|---|----|
| Complaints unfounded | 3 |
| No role for the Department or Minister | 8 |
| Referred to local government | 3 |
| Process improvement recommended | 1 |
| No further action by Department warranted | 10 |
| Recorded for ongoing monitoring purposes | 5 |
| Inquiries continuing | 4 |

COMPLAINTS AGAINST INDIVIDUALS ASSOCIATED WITH LOCAL GOVERNMENTS

Breaches of the financial interest provisions by elected members

Number of Complaints 27, Completed 13

OUTCOMES:

| | |
|---|----|
| Complaints unfounded | 5 |
| Minor breach warning issued | 1 |
| No further action by Department warranted | 5 |
| Recorded for ongoing monitoring purposes | 2 |
| Inquiries continuing | 14 |

Breaches of the financial interest provisions by employees of local governments

Number of Complaints 7, Completed 4

OUTCOMES:

| | |
|---|---|
| No role for Department or Minister | 1 |
| Referred to local government | 1 |
| Referred to another agency | 1 |
| No further action by Department warranted | 1 |
| Inquiries continuing | 3 |

Activities Against Outputs

Improper use of information by elected members

Number of Complaints 7, Completed 6

OUTCOMES:

| | |
|--|---|
| Complaint unfounded | 2 |
| Referred to local government | 2 |
| Referred to another agency | 1 |
| Recorded for ongoing monitoring purposes | 1 |
| Inquiries continuing | 1 |

Improper use of information by employees of local governments

Number of Complaints 6, Completed 6

OUTCOMES:

| | |
|---|---|
| Complaint unfounded | 1 |
| No role for Department or Minister | 1 |
| No further action by Department warranted | 3 |
| Recorded for ongoing monitoring purposes | 1 |
| Inquiries continuing | 0 |

Other actions of elected members and employees of local governments

Number of Complaints 73, Completed 63

OUTCOMES:

| | |
|---|----|
| Complaint unfounded | 4 |
| Minor breach warning issued | 1 |
| No role for Department or Minister | 5 |
| Referred to local government | 1 |
| Referred to another agency | 2 |
| Process improvement recommended | 1 |
| No further action by Department warranted | 11 |
| Recorded for ongoing monitoring purposes | 38 |
| Inquiries continuing | 10 |

Activities Against Outputs

Processes and procedures at administrative level related to planning issues

Number of Complaints 1, Completed 1

OUTCOMES:

| | |
|------------------------------------|---|
| No role for Department or Minister | 1 |
| Inquiries continuing | 1 |

Processes and procedures at elected members level related to planning issues

Number of Complaints 4, Completed 4

OUTCOMES:

| | |
|---|---|
| No role for Department or Minister | 1 |
| Referred to local government | 1 |
| Process improvement recommended | 1 |
| No further action by Department warranted | 1 |
| Inquiries continuing | 0 |

Miscellaneous

Number of Complaints 50, Completed 47

OUTCOMES:

| | |
|---|----|
| Complaint unfounded | 7 |
| No role for Department or Minister | 12 |
| Referred to local government | 4 |
| Referred to another agency | 1 |
| No further action by Department warranted | 13 |
| Recorded for ongoing monitoring purposes | 10 |
| Inquiries continuing | 3 |

Note:

There was a change to the process for registering and classifying information on complaints in 2002-03.

Types of Inquiries

The Department undertook 238 inquiries during 2002-03, including three authorised inquiries, two of which commenced prior to June 30, 2002. One of these was a major inquiry into the operations and affairs of the City of Belmont. Also during 2002-03, the Department conducted 80 preliminary inquiries, 23 inquiries relating to advice and 132 other inquiries.

City of Belmont Authorised Inquiry (Major Inquiry)

The Department conducted a major authorised Inquiry into the City of Belmont after which the Inquiry found insufficient evidence to conclude that the council had failed to provide good local government.

Activities Against Outputs

The Inquiry, investigated aspects of the City of Belmont's operations from 1993 to 2002, following allegations pertaining to the City.

The Inquiry report recommended several areas for improvement in the City's administration and governance. It also contained recommendations to address probity issues identified by the Inquiry.

The Department is working with the City of Belmont to implement the recommendations in the report.

BUILDING

Five Building Notes were produced throughout the year to advise on topical issues and technical developments in building control and provide guidance on interpreting legislation and the Building Code of Australia (BCA). These documents were distributed to key stakeholders including local government, State Government, Commonwealth Government and industry.

In November 2002, the Department hosted a national workshop in conjunction with the Australian Building Codes Board, on incorporating measures for controlling sustainable building construction as part of a future building code that would replace the existing BCA96.

Building Appeals

There was a higher than average number of building appeals in 2002-03. The majority (82%) of the 402 appeals related to notices served by local governments requiring alterations and/or removal of non-approved building works. Other appeals related to a refusal to issue a building licence or departures by a licence holder from approved documents and notices served requiring the demolition of neglected and/or incomplete buildings.

Inquiries

An inquiry under section 415 of the *Local Government (Miscellaneous Provisions) Act 1960* in relation to the fire safety of the Mandurah Cinema Complex was undertaken. The report was submitted to the Minister for Housing and Works who accepted its findings. The report verified that the complex complies with fire safety matters.

Australian Building Codes Board (ABCB)

The Board continues to be active in regulatory reform and research. Department representatives were present on a wide range of Board committees addressing such issues as fire risk/cost modelling and the development of a national administrative framework. Working groups addressed salt attack upon the built environment and the adequacy of testing for the fixing of cladding in cyclonic zones of the State. Membership of the Australian Certification Committee was also maintained.

The Building Code of Australia was amended to incorporate the national Energy Efficient Measures. Liaison with the building industry was undertaken to integrate these measures for reducing greenhouse gases into the atmosphere with local construction practices.

Activities Against Outputs

Representation

The Department has provided representation for a wide range of issues and organisations including:

- Building Codes Committee;
- Standards Australia – the branch has been very involved in commenting on changes to Referenced Standards adopted by the BCA;
- The Building Regulations Advisory Committee (BRAC);
- Municipal Building Surveyors Qualifications Committee (MBSQC); and
- Perth Air Quality Management Plan – key issues were the requirement for energy efficient building and the regulation of solid fuel burning appliances.

Stakeholder liaison

The Department has been actively involved in building stakeholder liaison. This has included delivering seminars associated with the adoption of Energy Efficiency Measures throughout the State; attendance at key forums of housing issues, meetings of Building and Environmental Health Surveyors; the Royal Australian Institute of Architects Practice Committee and presentation of papers at key industry conferences.

Functions associated with the Building Control Branch, including responsibility for the Local Government Miscellaneous Provisions Act (part 8 relating to swimming pools and 15 relating to building control), were transferred to the Department of Housing and Works from 1 July, 2003. This was done to consolidate the technical and administrative resources of the built environment within one agency.

LOCAL GOVERNMENT ADVISORY BOARD

The function of the Board is to consider proposals for changes to district boundaries, wards and representation of local governments. These proposals can originate from the Minister for Local Government and Regional Development, local governments and members of the public. After the Board has considered a proposal, a recommendation is made to the Minister who makes a decision about any proposed changes.

The Board comprises five members representing local government councillors, local government officers and State Government officers.

Reviews of local government ward boundaries and representation were a major focus for the Board during 2002-03. Thirty-nine reports of reviews were received and assessed by the Board and four local governments proposed minor changes to ward boundaries and representation. Of the 29 local governments that proposed change, 15 reduced the number of wards or number of councillors, or both. In addition, 10 local governments abolished wards altogether.

The Board also conducted two formal inquiries into proposals for district boundary changes stimulated by members of the public. Some electors from the Shire of Greenough proposed to enlarge the boundary of the City of Geraldton and after an extensive inquiry, the Board concluded that it could not support the change. While the proposal improved some aspects of the current situation, it also created a shire that was considered not viable and unable to deliver services to the current standard.

Activities Against Outputs

The second inquiry resulted in the Board's support for the transfer of part of a commercial area in the metropolitan area from the City of Bayswater to the City of Stirling.

GRANTS COMMISSION

The financial assistance grants allocated to local governments in 2002-03 for the 2003-04 financial year comprised \$102,482 million in equalisation funds, and \$70,889 million identified local road funding. This was a 4.7% increase on the 2002-03 allocation. Grant allocations to local government were approved by the State and Commonwealth Ministers for Local Government in accordance with the requirements of the *Local Government (Financial Assistance) Act 1995*.

During the year, the Commission conducted public hearings with 20 local governments. Fifteen submissions were received, comprising 38 claims on 23 different issues. In addition, the Commission commenced a methodology review, and convened six regional forums around the State. It received 23 initial submissions to its review, and 12 further submissions responding to the draft report. Papers for methodology review were made available through the Commission's website.

The grant allocation process for 2003-04 resulted in 28 local governments receiving a share of the equalisation funds based on the minimum grant provision. Together, these local governments account for \$21.3million (20.9%) of the general purpose funds and 69.5% of State's population. Therefore, 79.1% of the funds are distributed to the 114 councils with 30.5% of the State's population.

The Commission's record of calculations for the grant allocation process, the Balanced Budget Detailed Calculations, were again circulated to local governments and made available on the Department's website.

STATE ADMINISTRATIVE TRIBUNAL LEGISLATION

A model for a local government tribunal to address breaches (by individual elected members) of legislation was developed by the Department in 2002-03. This will be incorporated into the proposed State Administrative Tribunal.

Proposals for new legislation to establish a uniform code of conduct for elected members, a Standards Panel to consider breaches of the uniform code and a local government tribunal to deal with serious offences are being finalised by the Department in consultation with the WA Local Government Association and Local Government Managers Australia (WA).

This legislation will be contained within the *Local Government Act 1995* and associated Regulations. It is expected that a Bill will be introduced to Parliament in the Spring Session of 2003 covering these matters.

Activities Against Outputs

ADMINISTERING OTHER LEGISLATION

The Department has responsibility for administering several other legislation and processing operational matters.

Caravan Parks and Camping Grounds Regulations 1997

Under this legislation, the Minister for Local Government and Regional Development can approve requests from members of the public to live temporarily, for more than three months, in a caravan on land that is not a caravan park. During the year, the Department processed 10 requests from people wishing to live in a caravan.

The Minister can also approve the establishment of a transit park or nature based park that is within 50 kilometres of an existing caravan park or camping ground under Regulation 49. Two applications were processed during the last year.

Control of Vehicles (Off-road areas) Act 1978

Under this Act the Minister for Local Government and Regional Development may, with the Governor's consent, declare, vary or cancel areas where off road vehicles are permitted. The Minister cancelled the Red Hill permitted area, situated 10 kilometres east of Midland, effective from June 2003.

In addition, the Governor, proclaimed in the Government Gazette on 29 April, 2003 the extension of the application of the Act to the district of York.

Cemeteries Act 1986

Under this Act, the Minister for Local Government and Regional Development's approval is required for burials on land other than a cemetery. Approval is also required for exhumations and re-burial of a body in a different place. The Department processed six requests for burials outside a cemetery and five requests for exhumations.

In addition, the Department commenced a review of the statutory authority status of the Fremantle and Metropolitan Cemetery Boards. This review was a requirement from the Machinery of Government Report.

Dividing Fences Act 1961

The Department provides information on the *Dividing Fences Act 1961*. Advice is given to the public on their rights and obligations under the Act. Approximately 500 telephone calls per month were received by the Department about issues relating to dividing fences.

Responsibility for this Act was transferred to the Department of Housing and Works from 1 July, 2003.

Dog Act 1976

Under section 26 (5) of the *Dog Act 1976*, members of the public can appeal to the Minister for Local Government and Regional Development if they are unhappy with certain decisions made by their local government. During the year, the Department processed 17 appeals from people requesting to keep additional dogs beyond the limit per property set by their local government.

Activities Against Outputs

LOCAL GOVERNMENT SUPPORT AND ADVICE

Advice on the provisions and operation of Local Government Act 1995 and its Regulations

The Department has continued to provide advice to a range of stakeholders including the Minister for Local Government and Regional Development, local government elected members and employees, State Government agencies and members of the public on the provisions and operation of the Act.

Local governments and other agencies can seek advice on the *Local Government Act 1995* to become more familiar with their rights and local governments' responsibilities. The service also assists local governments to ensure that they maintain a high degree of legislative compliance.

Development of guidelines on operations and legislative requirements.

The Department has been preparing guidelines for local governments on operational aspects of the *Local Government Act 1995* to assist them with adopting best practice and procedures. Guidelines on managing public question time and elected member induction were released in 2002-03 and further guidelines are planned for 2003-04. The Department also produced the Inquiry into the City of South Perth Lessons for Local Government publication, which highlights some important issues for all local governments, which emerged from the recent inquiry into the City of South Perth.

Financial management practice notes and interpretation of Accounting Standards

Practice notes are prepared and distributed to all local governments so that those local governments that cannot attract qualified accounting staff have the capacity to prepare meaningful financial information to elected members. An interpretation of and impact statement is provided on all accounting standards released or reviewed by the Australian Accounting Standards Board.

Department Newsletter: Local Government Update

The Department continued to publish its periodical newsletter *Update*, which was distributed to all local governments and elected members, as well as a number of interest groups and individuals. The newsletter provides information and advice on a wide range of issues of general interest to local government. These include updates on legislative and other changes, as well as information on current local government activities and issues.

May 2003 Local Government Elections

The Department, in partnership with the WA Local Government Association and the WA Electoral Commission, undertook a comprehensive promotional campaign to lift electoral enrolment and participation in the May 2003 Local Government Elections across Western Australia. This campaign particularly targeted women, youth and people from Indigenous and multicultural backgrounds.

To assist new candidates, the Department produced two publications including *Standing for Council: Information for Councillors* and *Local Government Elections 2003: Questions and Answers*. A video was also produced on the role and responsibilities of being an elected member.

In addition, a series of successful workshops were conducted by Departmental officers to assist Returning Officers.

Activities Against Outputs

Support Programs

The Department provides support and development to local government through its participation in a number of key programs including the Council Advice Program, CEO Support Program, Mayors' and Presidents' Support Program and Peer Support Team. These programs assist local governments to overcome specific problems, review their method of operation and organisation and assist newly appointed Mayors, Presidents and Chief Executive Officers (CEOs).

All support programs involve participants from the local government sector including elected members and senior management officers. Senior Departmental officers chair most programs of this type.

Council Advice Program

The Council Advice Program involves a panel visiting a local government to provide advice on how operations can be improved. Members of a panel include a senior Departmental officer, an experienced elected member and a CEO from another local government, with the Department providing an executive officer. The panel familiarises itself with the local government through a questionnaire, interviews and meeting attendance. It then draws on the combined experience of its members to make recommendations on possible improvements.

Chief Executive Officer Support Program

The Chief Executive Officer (CEO) Support Program is administered by the Department and provides assistance and peer support to newly appointed CEOs. It aims to encourage good practice and help to minimise potential difficulties.

A senior Departmental officer and a representative of LGMA (WA) visit the new CEO to discuss management issues. A report is made available to the CEO and the council, and can be used as a benchmark for future performance assessments. Mentoring relationships are often formed as a result of support program visits.

During 2002-03, nine new CEOs and their local governments were visited under this program. These included the Town of Bassendean, Shire of Cue, Town of Narrogin, Shire of Trayning, Shire of Boyup Brook, Shire of Westonia, Shire of Cuballing, Shire of Wyalkatchem and Shire of Woodanilling.

Peer Support Team

The Department, in conjunction with WALGA and LGMA (WA), introduced the Peer Support Team to provide conciliation, negotiation and mediation support to councils that have identified issues of relationship conflict between councillors or between councillors and senior staff.

Since its introduction, the team has provided conciliation, negotiation and mediation support to councils that have identified issues of relationship conflict between councillors, or between councillors and senior staff. A number of training programs in mediation have been run for people involved in local government who wish to be involved in the scheme.

The team acts as a facilitator in driving the reform process and supports the council to secure agreed outcomes and resolutions. This process has significantly reduced the need for formal investigations or inquiries. A number of these programs were conducted during 2002-03.

Activities Against Outputs

Mayors' and Presidents' Support Program

The Department introduced a support program to offer peer support and guidance to newly elected Mayors and Presidents following the May 2003 Local Government Elections. The aim of the program is that through the experience of a Mayor or President from another local government, the newly elected Mayor or President can discuss the role and overcome any initial problems or lack of knowledge. The program covers areas such as chairing meetings, how to manage a full debate, liaising with the CEO, getting the best out of the media and public speaking.

Local Government Financial Management Awards

The Minister for Local Government and Regional Development's Financial Management Awards continued for its third year.

The Awards give recognition to local governments, which provide the most effective financial processes and reports throughout the year. The awards are determined on an assessment of financial documents presented by local governments in terms of presentation, content and effectiveness as a management and reporting tool, and compliance with the *Local Government Act 1995* and associated regulations and Australian Accounting Standards.

The awards were presented by the Minister during Local Government Week in August 2002. Forty-one local governments throughout the State competed for awards in three categories. The highest ranked local government in each category received a Certificate of Excellence with runners up receiving a Certificate of Merit.

Winners of the awards by category were:

Small Rural and Country Regional Local Governments:

Certificate of Excellence – Shire of Mount Marshall

Certificate of Merit - Shire of Koorda and Shire of Leonora

Rural Local Governments:

Certificate of Excellence – Shire of Shark Bay

Certificate of Merit – Shire of Esperance and Shire of Broome

Metropolitan Local Governments:

Certificate of Excellence – City of Swan

Certificate of Merit – City of Joondalup and City of Bayswater

Activities Against Outputs

Future Directions

In 2003-04, the Department will be focusing its attention on a number of activities including:

- Implementing a program to facilitate improvement in the provision of local government services to indigenous communities;
- In consultation with the Western Australian Local Government Association and the Local Government Managers Australia (WA) develop a new model code of conduct for local government elected members;
- Providing support through the Mayors' and Presidents' Support Program for newly elected mayors or presidents;
- Continuing the Local Government guideline series; and
- Working with local governments to facilitate the establishment of a local government tribunal under the State Administrative Tribunal.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Local Government and Regional Development are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2003.

Scope

The Director General's Role

The Director General is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of efficiency and effectiveness.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

D D R PEARSON
AUDITOR GENERAL
September 26, 2003

Performance Indicators

CERTIFICATION OF PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2003

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Local Government and Regional Development's performance, and fairly represent the performance of the Department of Local Government and Regional Development for the financial year ended 30 June 2003.



C Gwilliam
Accountable Officer
Date: 29/8/2003

Performance Indicators

EFFECTIVENESS INDICATORS

KEY OUTCOME

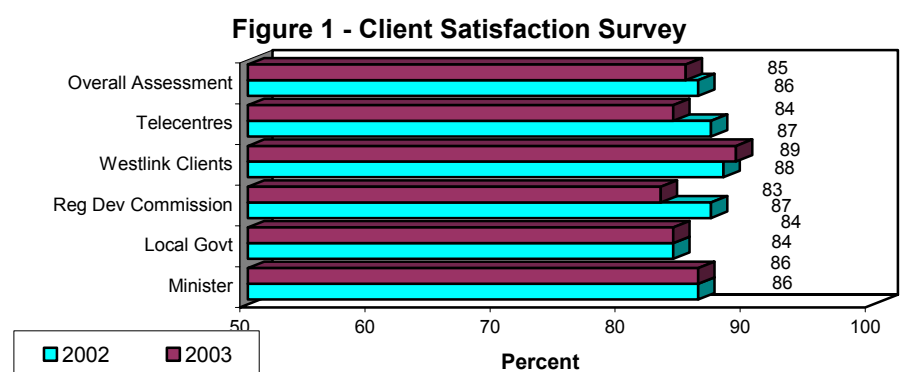
To enhance the development and capacity of communities through good government, economic growth and social well-being

The *Department of Local Government and Regional Development* has a broad range of administrative, economic and social functions associated with local government, regional development and satellite communication services. This is reflected in the broad nature of the key outcome to be achieved.

Appropriately, local governments, regional development commissions and communities have the role of establishing and maintaining good government at a local level together with the activities that foster economic development and social well being. Primarily the Department's role is to enhance the capacity of local governments and communities to fulfil their roles. It does this by developing policy and legislation, monitoring local government operations as well as providing advice, information and support services. The recipients of these services include nine Regional Development Commissions, clients of the Westlink video conferencing services, 96 Telecentres and 142 Western Australian local governments plus, by agreement with the Commonwealth Government, the Indian Ocean Territories of Cocos (Keeling) and Christmas Islands.

Targets and measurements of capacity enhancement cannot be established objectively as many elements are subjective; information accessibility, confidence, quality of advice and the development of leadership skills being but a few examples. Consequently, any assessment of the effectiveness of the Department's services in enhancing community capacity must rely considerably upon the views and perceptions of the recipients of those services. Therefore, it was considered important to obtain the level of client satisfaction with both the quality and timeliness of verbal, written and in-person advice, plus their perceived value of the web site content together with any suggestions related to perceived shortcomings or potential improvements.

Figure 1 below shows the overall index score of satisfaction for the total population (all the groups averaged together) and the five separate audiences separately for the 2002 and 2003 survey reports. Overall, it shows a negligible difference in overall satisfaction with the Department's performance. The satisfaction index score is effectively the average assessment of those respondents who are able to make an assessment. That is, it has factored out survey participants who indicated that they were unable to judge a particular aspect of the Department's performance due to a lack of experience in the year in question. For convenience, this average figure has been indexed to a score out of 100.



Performance Indicators

METHODOLOGY

The Department commissioned an independent consultant, Patterson Market Research, to undertake a customer satisfaction survey on its behalf.

For consistency in reporting the consultant used the survey questionnaires developed specifically for the 2002 survey period. The survey covered the target groups of:

Government Administration (154):

The Minister for Local Government and Regional Development (1).

Local Government CEOs (144).

Regional Development Commission CEOs (9).

Technology Users (128):

Major Westlink Clients (32).

Telecentres (96).

Letters were issued to all potential respondents by the consultant to inform them of the intent to conduct the survey, together with an outline of the survey content. Subsequently, (with the exception of the Minister who was requested to provide a written response), each was contacted for a brief telephone interview or to arrange a more suitable time for such an interview to be conducted.

Using this approach, survey results were obtained from 216 of the 282 clients approached.

All survey participants were requested to rate specific aspects of the Department's service delivery on a 7 point scale comprising "Very dissatisfied", "Dissatisfied", "Slightly dissatisfied", "Neither Satisfied nor Dissatisfied", "Slightly satisfied", "Satisfied" and "Very satisfied".

It was considered important that the survey reflect client attitudes towards service delivered in the 2003 financial year. Consequently, responses were elicited from those respondents that had experienced dealings with the Department in the preceding 12 months. Thus, respondents were afforded the opportunity to indicate whether comment on particular questions was "Not Relevant/Can't Say". This enabled the consultant to separate those who were neither satisfied nor dissatisfied from those to whom the question was not relevant or where an opinion could not be given. It also enabled the elimination of any potential bias that would arise from large numbers of "Not Relevant/Can't Say" responses and enabled a Satisfaction Index Score that focused entirely upon relevant responses.

| Target Group | Population | Achieved Sample | Response Rate | Resultant Survey Error |
|----------------------------------|------------|-----------------|---------------|------------------------|
| Minister | 1 | 1 | 100% | 0.00% |
| Local Governments | 144 | 106 | 74% | 4.4% |
| Regional Development Commissions | 9 | 7 | 78% | 18.5% |
| Westlink Clients | 32 | 24 | 75% | 10.2% |
| Telecentres | 96 | 78 | 81% | 4.4% |
| Overall | 282 | 216 | 77% | 3.2% |

Performance Indicators

1.1.1 DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT

| 1.2 EFFICIENCY INDICATORS | 2002-03 Target | 2002-03 Actual | 2001-02 Actual | Comments |
|--|-------------------|-------------------|-------------------|--|
| Output 1: Development of policy advice to Government | | | | |
| Average cost per piece of written advice requiring Minister's attention..... | \$693 | \$951 | N/A | Reflects lower than expected number of written advices. |
| Average cost of legislative amendments drafted..... | \$30,400 | \$43,800 | N/A | Underestimation of costs |
| Output 2: Support for regional and local communities | | | | |
| Cost | | | | |
| Average cost per advice and information provided to clients..... | \$49 | \$59 | \$50 | |
| Average cost of grant approved for local and regional communities..... | \$262,680 | \$136,788 | \$22,309 | Value of grants distributed was lower than expected. |
| Average cost per application evaluated..... | \$6,687 | \$6,794 | \$3,810 | |
| Average cost per local government assessed..... | \$7,806 | \$4,014 | \$4,527 | The corporate services costs assigned to Grants Commission was over estimated. |
| Average internal cost per satellite site supported..... | \$9,950 | \$6,996 | \$7,381 | Overestimation of target costs. |
| Output 3: Compliance, monitoring and advisory services | | | | |
| Cost | | | | |
| Average cost per dealing with an application for boundary change..... | \$9,004 | \$2,439 | \$16,797 | The number of applications for boundary changes was in excess of the target allocated as result of Local Governments seeking to review boundaries before the May 2003 elections. |
| Average cost per building appeal..... | \$753 | \$569 | \$709 | |
| Average cost per inquiry and investigation..... | \$5,208 | \$2,001 | \$3,376 | Differing methods of recording complaints arising from the changeover from a manual system to an automated system. |
| Average cost per item of correspondence (advice) prepared.. | \$83 | \$131 | \$117 | |
| Average cost of monitoring each local government..... | \$5,988 | \$4,700 | \$7,022 | |
| Average cost per telephone inquiry.... | \$22 | \$41 | \$24 | |

Note 1: There are no comparatives for Output 1 indicators as these are new measures for 2002-2003.

Note 2: Comparatives for Outputs 2 & 3 indicators earlier than 2001-2002 are not available as the Department was restructured as a new agency as of 1 July 2001. The comparatives before this date were prepared on a different basis.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Local Government and Regional Development provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

Scope

The Director General's Role

The Director General is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

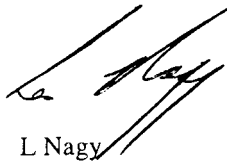
D D R PEARSON
AUDITOR GENERAL
September 26, 2003

Financial Statements

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

The accompanying financial statements of the Department of Local Government and Regional Development have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2003 and the financial position as at 30 June 2003.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



L Nagy
Principal Accounting Officer
Date: 29/8/2003



C Gwilliam
Accountable Officer
Date: 29/8/2003

Financial Statements

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2003

| | Note | 2003 (\$'000) | 2002 (\$'000) |
|--|------|------------------|------------------|
| COST OF SERVICES | | | |
| Operating expenses | | | |
| Employee expenses | 4 | 6,913 | 6,475 |
| Supplies and services | 5 | 3,388 | 3,848 |
| Depreciation expense | 6 | 296 | 149 |
| Administration expenses | 7 | 553 | 550 |
| Accommodation expenses | 8 | 589 | 535 |
| Grants and subsidies | 9 | 16,306 | 10,345 |
| Capital User Charge | 10 | 290 | 691 |
| Total cost of services | | 28,335 | 22,593 |
| Operating revenues | | | |
| Commonwealth grants | 12 | 216 | 544 |
| State grants | | 620 | 565 |
| Satellite revenues | | 411 | 651 |
| Net profit on disposal of non-current assets | | - | 34 |
| Other operating revenue | | 962 | 221 |
| Total operating revenues | | 2,209 | 2,015 |
| Net cost of services | | 26,126 | 20,578 |
| REVENUES FROM GOVERNMENT | | | |
| Appropriations | 13 | 31,401 | 16,714 |
| Resources received free of charge | | 115 | 99 |
| Assets assumed | | - | 30 |
| Liabilities assumed by the Treasurer | | 61 | 61 |
| Total revenues from Government | | 31,577 | 16,904 |
| Change in net assets before restructuring | | 5,451 | (3,674) |
| Net revenues/(expenses) from restructuring | | - | 4,027 |
| Change in net assets after restructuring | | 5,451 | 353 |
| TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS | | | |
| | | 5,451 | 353 |

Financial Statements

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT

STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

| | Note | 2003 (\$'000) | 2002 (\$'000) |
|--|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and amounts in suspense | 23 | 7,344 | 4,117 |
| Receivables | 15 | 465 | 819 |
| Work in Progress | 16 | - | 214 |
| Amounts Receivable for Outputs | 17 | 137 | 78 |
| Prepayments | | - | 3 |
| Total current assets | | 7,946 | 5,231 |
| NON-CURRENT ASSETS | | | |
| Furniture, equipment and computer hardware | 18 | 646 | 840 |
| Total assets | | 8,592 | 6,071 |
| CURRENT LIABILITIES | | | |
| Payables | 19 | 868 | 4,127 |
| Provisions | 20 | 1,226 | 1,001 |
| Other liabilities | 21 | 149 | 112 |
| Total current liabilities | | 2,243 | 5,240 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 20 | 550 | 483 |
| Total liabilities | | 2,793 | 5,723 |
| EQUITY | | | |
| Contributed equity | 22 | 136 | 136 |
| Accumulated surplus | | 5,663 | 212 |
| Total equity | | 5,799 | 348 |
| Total liabilities and equity | | 8,592 | 6,071 |

Financial Statements

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT

STATEMENT OF CASHFLOWS

for the year ended 30 June 2003

| | Note | 2003 (\$'000) Inflows (Outflows) | 2002 (\$'000) Inflows (Outflows) |
|--|--------|---|---|
| CASH FLOWS FROM GOVERNMENT | | | |
| Recurrent appropriations | | 31,401 | 16,666 |
| Capital appropriations | | - | 136 |
| Net cash provided by government | | 31,401 | 16,802 |
| Utilised as follows: | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee costs | | (6,651) | (5,335) |
| Supplies and services | | (4,216) | (4,816) |
| Grants and Subsidies | | (19,455) | (3,077) |
| Restructuring | | - | (1,357) |
| Receipts | | | |
| Other receipts | | 2,263 | 911 |
| Net cash used in operating activities | 23 (b) | (28,059) | (13,674) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of non-current assets | | (115) | (48) |
| Proceeds from sale of non-current assets | | - | 37 |
| Net cash used in investing activities | | (115) | (11) |
| Net increase in cash held | | 3,227 | 3,117 |
| Cash at the beginning of the financial year | | 4,117 | 1,000 |
| Cash assets transferred from other sources | | | |
| Cash at the end of the financial year | 23 (a) | 7,344 | 4,117 |

Financial Statements

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT
OUTPUT SCHEDULE OF EXPENSES AND REVENUES
for the year ended 30 June 2003

| | Development of Policy Advice to Government | | Support for Regional and Local Communities | | Compliance, Monitoring and Advisory Services | | Total | |
|---------------------------------|---|--------------|--|---------------|--|--------------|---------------|---------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| COST OF SERVICES | | | | | | | | |
| Operating expenses | | | | | | | | |
| Employee costs | 1,555 | 1,393 | 3,142 | 3,126 | 2,216 | 1,956 | 6,913 | 6,475 |
| Supplies and services | 593 | 492 | 2,062 | 2,195 | 733 | 1,161 | 3,388 | 3,848 |
| Depreciation | 45 | 31 | 198 | 76 | 53 | 42 | 296 | 149 |
| Administration expenses | 31 | 84 | 491 | 372 | 31 | 94 | 553 | 550 |
| Accommodation expenses | 112 | 96 | 315 | 290 | 162 | 149 | 589 | 535 |
| Grants and subsidies | 878 | 1,114 | 15,295 | 8,839 | 133 | 392 | 16,306 | 10,345 |
| Capital User Charge | 57 | 134 | 147 | 340 | 86 | 217 | 290 | 691 |
| Total cost of services | 3,271 | 3,344 | 21,650 | 15,238 | 3,414 | 4,011 | 28,335 | 22,593 |
| Operating revenues | | | | | | | | |
| Commonwealth grants | | - | 24 | 413 | 192 | 131 | 216 | 544 |
| State grants | | - | 620 | 565 | - | - | 620 | 565 |
| Satellite revenues | | - | 411 | 651 | - | - | 411 | 651 |
| Net profit on sale of assets | | - | - | 34 | - | - | - | 34 |
| Other operating revenue | 266 | 34 | 647 | 122 | 49 | 65 | 962 | 221 |
| Total operating revenues | 266 | 34 | 1,702 | 1,785 | 241 | 196 | 2,209 | 2,015 |
| Net cost of services | 3,005 | 3,310 | 19,948 | 13,453 | 3,173 | 3,815 | 26,126 | 20,578 |

Financial Statements

REVENUES FROM GOVERNMENT

| | | | | | | | | |
|--|--------------|--------------|---------------|---------------|--------------|--------------|---------------|----------------|
| Appropriations | 6,137 | 3,243 | 15,972 | 8,232 | 9,292 | 5,239 | 31,401 | 16,714 |
| Resources received free of charge | 22 | 19 | 59 | 49 | 34 | 31 | 115 | 99 |
| Assets assumed / (transferred) | - | 6 | - | 15 | - | 9 | - | 30 |
| Liabilities assumed by the Treasurer | 12 | 12 | 31 | 30 | 18 | 19 | 61 | 61 |
| Total revenues from Government | 6,171 | 3,280 | 16,062 | 8,326 | 9,344 | 5,298 | 31,577 | 16,904 |
| Change in net assets before restructuring | 3,166 | -30 | -3,886 | -5,127 | 6,171 | 1,483 | 5,451 | (3,674) |
| Net revenues/(expenses) from restructuring | - | 751 | - | 2,051 | - | 1,225 | - | 4,027 |
| Change in net assets after restructuring | 3,166 | 721 | -3,886 | -3,076 | 6,171 | 2,708 | 5,451 | 353 |

Financial Statements

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT
SCHEDULE OF ADMINISTERED ITEMS
for the year ended 30 June 2003

| | General Not Attributed | |
|--|------------------------|----------------|
| | 2003 \$'000 | 2002 \$'000 |
| ADMINISTERED EXPENSES AND REVENUES:- | | |
| EXPENSES | | |
| Local Government Scholarship Scheme Trust Fund | - | 9 |
| Total Administered Expenses | - | 9 |
| REVENUES | | |
| Local Government Scholarship Scheme Trust Fund | 20 | 23 |
| Total Administered Revenues | 20 | 23 |
| ADMINISTERED ASSETS AND LIABILITIES:- | | |
| ADMINISTERED CURRENT ASSETS | | |
| Cash held in Trust Funds: | | |
| Local Government Scholarship Scheme Trust Fund | 47 | 27 |
| Total Administered Assets | 47 | 27 |
| ADMINISTERED CURRENT LIABILITIES | | |
| Cash to be paid from Trust Funds: | | |
| Local Government Scholarship Scheme Trust Fund | 47 | 27 |
| Total Administered Liabilities | 47 | 27 |

Financial Statements

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT
Summary of Consolidated Fund Appropriations and Revenue Estimates
for the year ended 30 June 2003

| | 2003 Estimate \$'000 | 2003 Actual \$'000 | Variation \$'000 | 2002 Estimate \$'000 | 2002 Actual \$'000 | Variation \$'000 |
|--|----------------------------|--------------------------|---------------------|----------------------------|--------------------------|---------------------|
| PURCHASE OF OUTPUTS | | | | | | |
| Item 48 Net amount appropriated to purchase outputs | 38,583 | 31,253 | (7,330) | 39,818 | 16,308 | (23,510) |
| Amount Authorised by Other Statutes | | | | | | |
| - Salaries and Allowances Act 1975 | 138 | 148 | 10 | 138 | 328 | 190 |
| Total appropriations provided to purchase outputs | 38,721 | 31,401 | (7,320) | 39,956 | 16,636 | (23,320) |
| Details of Expenditure by Outputs | | | | | | |
| Development of Policy Advice to Government | 2,926 | 3,271 | 345 | 3,203 | 3,344 | 141 |
| Determination of Financial Assistance Grants to Local Government | 33,981 | 21,649 | (12,332) | 38,304 | 15,238 | (23,066) |
| Support for Local Government Operations | 3,237 | 3,415 | 178 | 4,237 | 4,011 | (226) |
| Total Cost of Outputs | 40,144 | 28,335 | (11,809) | 45,744 | 22,593 | (23,151) |
| Less: Retained Revenue | 1,368 | 2,209 | 841 | 2,168 | 2,015 | (153) |
| Net Cost of Outputs | 38,776 | 26,126 | (12,650) | 43,576 | 20,578 | (22,998) |
| Adjustment for movement in cash balances and other accrual items | (55) | 5,275 | 5,330 | (3,620) | (3,942) | (322) |
| Total Appropriations provided to purchase outputs | 38,721 | 31,401 | (7,320) | 39,956 | 16,636 | (23,320) |

Financial Statements

| | 2003 Estimate \$'000 | 2003 Actual \$'000 | Variation \$'000 | 2002 Estimate \$'000 | 2002 Actual \$'000 | Variation \$'000 |
|---|----------------------------|--------------------------|---------------------|----------------------------|--------------------------|---------------------|
| CAPITAL | | | | | | |
| Item 141 Capital Contribution (2001 Amount provided for capital services) | - | - | - | 136 | 136 | - |
| Capital Expenditure | | | | | | |
| Capital Appropriations | - | 77 | - | 136 | 40 | (96) |
| Adjustment for movement in cash balances and other funding sources | | | - | 57 | | (57) |
| Total Capital Expenditure | - | 77 | - | 193 | 40 | (153) |
| ADMINISTERED | | | | | | |
| Administered Grants and Transfer Payments | 2,800 | 1,006 | (1,794) | 2,800 | 903 | (1,897) |
| Total Administered Appropriations | 2,800 | 1,006 | (1,794) | 2,800 | 903 | (1,897) |
| GRAND TOTAL OF APPROPRIATIONS | 41,521 | 32,407 | (9,114) | 42,892 | 17,675 | (25,217) |

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONAL DEVELOPMENT

Notes to the Financial Statements

30 June 2003

Departmental mission and funding

The Department's mission is to enhance the development and capacity of communities through good government, economic growth and social well being.

The Department is predominantly funded by Parliamentary appropriations. The financial statements encompass all Funds through which the Department controls resources to carry on its functions.

In the process of reporting on the Department as a single entity, all intra-entity transactions and balances have been eliminated.

Significant accounting policies

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect is disclosed in individual notes to these financial statements.

Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29.

The statements have been prepared on the accrual basis of accounting using the historical cost convention. Additions to non-current physical assets are stated at cost.

Administered assets, liabilities, expenses and revenues are not integral to the Department in carrying out its functions and are disclosed in schedules to the financial statements, forming part of the general purpose financial report of the Department.

Financial Statements

The administered items are disclosed on the same basis as is described above for the financial statements of the Department. The administered assets, liabilities, expenses and revenues are those which the Government requires the Department to administer on its behalf. The assets do not render any service potential or future economic benefits to the Department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Department, and the expenses and revenues are not attributable to the Department.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Department, the disclosure requirements of Australian Accounting Standard AAS 33, Presentation and Disclosure of Financial Instruments, are not applied to administered transactions.

Output Appropriations

Output Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance.

Contributed Equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities", transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. All other transfers have been recognised in the Statement of Financial Performance. Prior to the current reporting period, capital appropriations were recognised as revenue in the Statement of Financial Performance.

Grants and other contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Net Appropriation Determination

Pursuant to Section 23A of the Financial Administration and Audit Act, the net appropriation determination by the Treasurer provides for retention of the following monies received by the Department:

- proceeds from the Commonwealth in respect to the Indian Ocean Territories;
- proceeds from the Commonwealth in respect to special projects;
- miscellaneous revenues; and
- satellite charges in respect of Westlink

Retained revenues may only be applied to the outputs specified in the 2002-2003 Budget Statements.

Financial Statements

Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is calculated on the straight-line basis, using rates which are reviewed annually. Expected useful lives for each class of depreciable asset are:

Plant and equipment 5 or 10 years
Computer Hardware 3 years

Motor vehicles are not included on the Department's assets register as their ownership is vested with the lessor.

Employee benefits

Annual Leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long Service Leave

Leave benefits are calculated at current remuneration rates expected to be paid when the liabilities are settled. A liability for long services leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave was undertaken by PricewaterhouseCoopers in June 2000 and it was determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AASB 1028 "Employee Benefits".

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

(i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and

Financial Statements

(ii) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Department in the current year.

A revenue "Liabilities assumed by the Treasurer" equivalent to \$61,223 is recognised under Revenues from State Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Department is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

Leases

The Department has entered into a number of operating lease arrangements for the rent of the office buildings and motor vehicles where the lessors effectively retains all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

Receivables

Receivables are recognised at the amounts receivable, as they are due for settlement no more than 30 days from the date of recognition. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

Accrued Salaries

The accrued salaries suspense account consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries represents the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to the net fair value.

Payables

Payables, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

Resources Received Free of Charge or For Nominal Value

Resources received free of charge or for nominal value, which can be reliably measured are recognised as revenues and as expenses as appropriate at fair value.

Financial Statements

Revenue Recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.

Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

Outputs of the Department

Information about the Department's outputs, and the expenses and revenues which are reliably attributable to those outputs is set out in the Output Schedule.

The three key outputs of the Department:

Output 1: Development of Policy Advice to Government

Review, develop and implement policy and legislation. Research and provide data to ensure stakeholders have access to information that facilitates their strategic and operational needs.

Output 2: Support for Regional and Local Communities

Support and develop initiatives that provide communities and organisations with the necessary infrastructure including skills, resources, networks and information to facilitate their development.

Output 3: Compliance, Monitoring and Advisory Services

Supports compliance and understanding of administered legislation and assists with the administration of statutory bodies and committees.

Financial Statements

| | 2003 (\$'000) | 2002 (\$'000) |
|---|------------------|------------------|
| 4. Employee Expenses | | |
| Salaries | 5,877 | 5,466 |
| Superannuation | 447 | 472 |
| Annual leave | 41 | 91 |
| Long service leave | 233 | 255 |
| Fringe Benefits Tax | 84 | 61 |
| Other employee related expenses | 231 | 130 |
| | <u>6,913</u> | <u>6,475</u> |
| 5. Supplies and Services | | |
| Consultants | 550 | 974 |
| Legal | 9 | 324 |
| Travel | 404 | 320 |
| Satellite services | 963 | 1,070 |
| Capital items (Assets) | 227 | 195 |
| Printing and advertising | 297 | 234 |
| Insurance | 65 | 32 |
| Repairs and maintenance | 125 | 37 |
| Corporate service charge (Department of Industry & Technology) | - | 475 |
| Other | 748 | 187 |
| | <u>3,388</u> | <u>3,848</u> |
| 6. Depreciation Expense | | |
| Furniture | 92 | 49 |
| Computer hardware | 204 | 100 |
| | <u>296</u> | <u>149</u> |
| 7. Administration Expenses | | |
| Communication | 272 | 189 |
| Consumables | 132 | 140 |
| Other | 34 | 122 |
| Resources received free of charge | 115 | 99 |
| | <u>553</u> | <u>550</u> |
| 8. Accommodation Expenses | | |
| Lease | 482 | 479 |
| Other | 107 | 56 |
| | <u>589</u> | <u>535</u> |

Financial Statements

| | 2003 (\$'000) | 2002 (\$'000) |
|--|------------------|------------------|
| 9. Grants and Subsidies | | |
| <u>Recurrent:</u> | | |
| Community Security Program | 955 | 65 |
| Local Government Development Fund | - | 209 |
| Australian Building Codes Board | 106 | 111 |
| Keep Australia Beautiful Council | - | 271 |
| Regional Development Scheme, Western Australian Regional Initiatives Scheme and Regional Infrastructure Funding Program | 9,451 | 4,434 |
| Regional Development Commission (payments on their behalf) | 2,865 | 536 |
| Telecentre Programs | 1,821 | 2,136 |
| Financial Assistance Grant Programs | - | 2,071 |
| Community Facilities Grant Program | 50 | 100 |
| Other | 1,058 | 412 |
| | <u>16,306</u> | <u>10,345</u> |
| 10. Capital User Charge | <u>419</u> | <u>691</u> |
| <p>A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p> | | |
| 11. Net Profit/(Loss) On Disposal of Non-Current Assets | | |
| Profit/(Loss) on Sale of Non-current Assets | | |
| Computer hardware and Furniture and Equipment Written down value | (2) | (3) |
| Gross proceeds on disposal of non-current assets | - | 37 |
| | <u>(2)</u> | <u>34</u> |
| 12. Commonwealth Grants | | |
| Recurrent | <u>216</u> | <u>544</u> |
| 13. Revenues From Government | | |
| Appropriation revenue received during the year: | | |
| -Output Appropriations (i) | 31,401 | 16,714 |
| -Capital Appropriations | - | - |
| | <u>31,401</u> | <u>16,714</u> |

Financial Statements

| | 2003 (\$'000) | 2002 (\$'000) |
|---|------------------|------------------|
| Resources received free of charge have been determined on the basis of the following estimates provided by agencies (ii): | | |
| -Office of the Auditor General | 23 | 15 |
| -Crown Solicitors Office | 91 | 82 |
| -D.O.L.A. | 1 | 2 |
| | 115 | 99 |
| Liabilities have been assumed by the Treasurer (iii): | | |
| -Superannuation | 61 | 61 |
| | | |
| Asset assumed from other government agencies during the year (iv): | | |
| - Salary | - | 30 |
| | | |

- (i) Output appropriations are accrual amounts reflecting the full cost of outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (ii) Where assets or services have been received free of charge or for nominal consideration, the department recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Department shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.
- (iii) Where a liability has been assumed by the Treasurer or other entity, the department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability.
- (iv) This pertains to the one off transfer of money from the Department of Treasury to top up the accrued salaries suspense account in 2001/2002.

14. Net Revenues/(Expenses) from Restructuring

Operating activities and assets transferred to the Department

| | | |
|---------------------------------|---|---------|
| Revenue | - | (332) |
| Expenses | - | 4,766 |
| Furniture and computer hardware | - | 508 |
| Capital Work in Progress | - | 213 |
| Cash paid | - | (1,357) |
| | - | 3,798 |

Financial Statements

| | 2003 (\$'000) | 2002 (\$'000) |
|---|------------------|------------------|
| <u>Assets transferred to the Department</u> | | |
| Furniture and computer hardware | - | 299 |
| Total | - | 4,027 |

The operating activities and assets transferred to the Department was the result respectively of the amalgamation of the Regional Development Division of the former Department of Commerce and Trade and Westlink from the former Department of Contract and Management Services with the former Department of Local Government

15. Receivables

| | | |
|----------------|-----|-----|
| Trade debtors | 197 | 174 |
| GST receivable | 268 | 645 |
| | 465 | 819 |

16. Work in Progress

| | |
|---|-----|
| - | 213 |
|---|-----|

This pertains to the development of a mobile interactive caravan transferred from the Regional Development Division of the former Department of Commerce and Trade. (See Note 14)

17. Amounts receivable for outputs

| | | |
|---------|-----|----|
| Current | 137 | 78 |
|---------|-----|----|

18. Furniture, Equipment and Computer Hardware

| | | |
|---|-------|-------|
| Furniture and equipment | | |
| At cost | 613 | 598 |
| Accumulated depreciation | (225) | (147) |
| | 388 | 451 |
| Computer Hardware | | |
| At cost | 775 | 769 |
| Accumulated depreciation | (517) | (380) |
| | 258 | 389 |
| Total of furniture, equipment and computer hardware | 646 | 840 |

Reconciliation of the carrying amounts of furniture, equipment and computer hardware at the beginning and end of the current and previous financial year are set out below.

Financial Statements

| | 2003 (\$'000) | 2002 (\$'000) |
|---|------------------|------------------|
| Furniture and equipment | | |
| Carrying amount at start of year | 451 | 99 |
| Additions | 29 | 19 |
| Transfer arising from amalgamation | - | 385 |
| Disposals | - | (3) |
| Depreciation | (92) | (49) |
| Carrying amount at end of year | <u>388</u> | <u>451</u> |
| Computer Hardware | | |
| Carrying amount at start of year | 389 | 103 |
| Additions | 94 | 33 |
| Transfer arising from amalgamation | - | 353 |
| Prior year adjustment | (19) | |
| Disposals | (2) | |
| Depreciation | (204) | (100) |
| Carrying amount at end of year | <u>258</u> | <u>389</u> |
| Total of furniture, equipment and computer hardware | <u>646</u> | <u>840</u> |
| 19. Payables | | |
| Trade payables | 855 | 3,957 |
| PAYG | - | 127 |
| GST payable | 11 | 43 |
| | <u>866</u> | <u>4,127</u> |
| 20. Provisions | | |
| Current | | |
| Annual leave | 563 | 510 |
| Long service leave | 663 | 491 |
| | <u>1,226</u> | <u>1,001</u> |
| Liabilities | | |
| Long service leave | 550 | 483 |
| | <u>1,776</u> | <u>1,484</u> |
| 21. Other Liabilities | | |
| Accrued salaries | <u>149</u> | <u>112</u> |

Financial Statements

| | 2003 (\$'000) | 2002 (\$'000) |
|---|------------------|------------------|
| 22. Equity | | |
| Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. | | |
| Contributed equity | | |
| Opening balance | 136 | - |
| Capital contributions | - | 136 |
| Closing balance | <u>136</u> | <u>136</u> |

From 1 July 2001, capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited straight to equity in the Statement of Financial Position.

| | | |
|--|--------------|------------|
| Accumulated surplus/(deficiency) | | |
| Opening balance | 212 | (141) |
| Change in net assets after restructuring | 5,451 | 353 |
| Closing balance | <u>5,663</u> | <u>212</u> |

23. Notes to the Statement of Cashflows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, 'cash' includes cash at bank, amounts in suspense and cash on hand. Cash at the end of the financial year as shown in the Statement of Cashflows is reconciled to the related items in the Statement of Financial Position as follows:

| | | |
|-----------------------------------|--------------|--------------|
| Operating Account | 7,166 | 3,987 |
| Accrued Salaries Suspense Account | 174 | 126 |
| Cash on hand | 4 | 4 |
| | <u>7,344</u> | <u>4,117</u> |

Financial Statements

| | 2003 (\$'000) | 2002 (\$'000) |
|--|------------------|------------------|
| (b) Reconciliation of net cost of services to net cashflows used in operating activities | | |
| Net cost of services (operating statement) | (26,126) | (20,578) |
| Non-cash items: | | |
| -Restructuring (net of cash paid) (refer note 14) | - | 3,077 |
| -Grants and subsidies | 629 | 3,778 |
| -Depreciation | 296 | 149 |
| -Superannuation | 61 | 61 |
| -Resources received free of charge | 115 | 99 |
| -Profit/(Loss) on disposal of non-current assets | 2 | (34) |
| (Increase)/decrease in assets: | | |
| -Current receivables | (23) | (738) |
| -Non-Current assets | 214 | - |
| Increase/(decrease) in liabilities: | | |
| -Other liabilities | (90) | (111) |
| -Current provisions | 225 | 250 |
| -Current accounts payable | (3,366) | 210 |
| -Current prepayments | (3) | (31) |
| -Non-current provisions | 67 | 194 |
| Net cash used in operating activities | <u>(27,999)</u> | <u>(13,674)</u> |

24. Lease Commitments

Future lease commitments:

| | | |
|---|--------------|--------------|
| Motor Vehicle Leases | | |
| Not later than 1 year | 69 | 53 |
| Later than 1 year and not later 5 years | 54 | 4 |
| | <u>123</u> | <u>57</u> |
| Office Lease | | |
| Not later than 1 year | 473 | 300 |
| Later than 1 year and not later 5 years | 1,895 | 1,200 |
| Later than 5 years | 2,369 | 150 |
| | <u>4,737</u> | <u>1,650</u> |

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2003
(\$'000) 2002
(\$'000)

25. Remuneration and Retirement Benefits of Senior Officers

The number of Senior Officers whose total of fees, salaries and other benefits received, or due and receivable, for the financial year, are as follows:

| \$ | 2002 | 2003 |
|-------------------|------|------|
| 70,001 - 80,000 | 1 | - |
| 80,001 - 90,000 | 1 | 1 |
| 100,001 - 110,000 | 4 | 3 |
| 120,001 - 130,000 | 1 | 1 |
| 130,001 - 140,000 | 1 | - |
| 140,001 - 150,000 | 1 | - |
| 150,001 - 160,000 | 1 | - |
| 160,001 - 170,000 | 1 | - |
| 170,001 - 180,000 | 1 | 1 |

| | | |
|---|-----|-----|
| The total remuneration of senior officers is: | 712 | 850 |
|---|-----|-----|

Retirement benefits

The following amounts in respect of retirement benefits for Senior Officers were paid or became payable for the financial year:

| | | |
|---|---|----|
| Total notional contributions to Gold State Superannuation Scheme and West State Superannuation Scheme | - | 38 |
|---|---|----|

No senior officers are members of the Superannuation and Family Benefits Act Scheme

26. Explanatory Statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into Consolidated Fund. Appropriations are now on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945:

Significant variances between estimate and actual – exceeded or were less than estimates for the financial year:

| | 2003 Estimate \$'000 | 2003 Actual \$'000 | Variation \$'000 |
|---|----------------------------|--------------------------|---------------------|
| Total appropriations provided to purchase outputs | 38,721 | 31,401 | (7,320) |

The variance was due primarily to the Regional Investment Fund ("RIF") monies of \$24.1 million being underspent in 2002/03.

Financial Statements

27. Additional Financial Instruments Disclosures

Interest rate risk exposure

The Department's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments are:

| | Non interest bearing \$'000 | Total \$'000 |
|-----------------------------|-----------------------------------|-----------------|
| <u>30 June 2003</u> | | |
| Assets | | |
| Cash resources | 7,344 | 7,344 |
| Accounts receivable | 197 | 197 |
| Total financial assets | <u>7,541</u> | <u>7,541</u> |
| Liabilities | | |
| Accounts payable | 855 | 855 |
| Accrued salaries | 149 | 149 |
| Employee entitlements | 1,776 | 1,776 |
| Total financial liabilities | <u>2,780</u> | <u>2,780</u> |

Net financial liabilities

| | Non interest bearing \$'000 | Total \$'000 |
|-----------------------------|-----------------------------------|-----------------|
| <u>30 June 2002</u> | | |
| Assets | | |
| Cash resources | 4,117 | 4,117 |
| Accounts receivable | 174 | 174 |
| Total financial assets | <u>4,291</u> | <u>4,291</u> |
| Liabilities | | |
| Accounts payable | 3,957 | 3,957 |
| Accrued salaries | 112 | 112 |
| Employee entitlements | 1,484 | 1,484 |
| Total financial liabilities | <u>5,553</u> | <u>5,553</u> |
| Net financial liabilities | <u>962</u> | <u>962</u> |

Credit risk exposure

There are no amounts owed by other government agencies. In respect of other financial assets the carrying amounts represent the Department's maximum exposure to credit risk in relation to those assets.

28. Other Commitments

There were no other commitments outstanding as at 30 June 2003.

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2003
(\$'000) 2002
(\$'000)

29. Contingent Obligations

There were no contingent liabilities as at 30 June 2003.

30. Events Occurring After Reporting Date

There were no events occurring after reporting date that would cause the financial statements to be misleading in the absence of disclosure.

31. Indian Ocean Territories

The Agreement, pursuant to Section 23A of the Financial Administration and Audit Act, between the Treasurer and the Accountable Officer provides for the retention of moneys received by the Department from the Commonwealth in respect of the Indian Ocean Territories. Revenue retained pursuant to this agreement is to be applied to the Department's outputs. Moneys received by the Department in respect of the services provided shall be credited to the Department's operating account.

| | | |
|--------------------------|------|-------|
| Opening balances | (49) | 4 |
| Plus: Gross revenues | 191 | 131 |
| | 142 | 135 |
| Less: Gross expenditures | 142 | (184) |
| Closing balances | - | (49) |

32. Related and Affiliated Bodies

This Department is affiliated with the Western Australian Local Government Grants Commission.

33. Write – Offs

During the financial year 2002/2003 there were no write –offs.

34. Administered Expenses and Revenues

| | | |
|-----------------------------|-------|-------|
| <u>Expenses</u> | | |
| Grants | 1,006 | 903 |
| Total Administered Expenses | 1,006 | 903 |
| <u>Revenues</u> | | |
| Appropriations | 2,832 | 2,800 |
| Total Administered Revenues | 2,832 | 2,800 |

35. Administered Assets and Liabilities

| | | |
|-----------------------------------|-------|-------|
| <u>Current Assets</u> | | |
| Cash Assets | 3,723 | 1,897 |
| Total Administered Current Assets | 3,723 | 1,897 |