



Government of **Western Australia**  
Department of **Local Government**

# ANNUAL REPORT

2010-2011

## DEPARTMENT OF LOCAL GOVERNMENT ANNUAL REPORT 2010-2011

September 2011

### PREPARED BY:

Department of Local Government

Gordon Stephenson House

140 William Street

Perth WA 6000

Telephone: 6552 1500

Freecall: 1800 620 511 (Country Only)

Email: [info@dlg.wa.gov.au](mailto:info@dlg.wa.gov.au)

Web: [www.dlg.wa.gov.au](http://www.dlg.wa.gov.au)

## CONTENTS

<b>Statement of Compliance .....</b>	<b>5</b>
<b>Director General's Report.....</b>	<b>6</b>
<b>Executive Summary.....</b>	<b>8</b>
Local Government Reform.....	8
Governance and Legislation .....	9
Office of Multicultural Interests .....	10
<b>Operational Structure .....</b>	<b>11</b>
About the Department of Local Government.....	11
Responsible Minister .....	12
Director General .....	12
Enabling Legislation.....	12
Administered Legislation.....	12
Compliance with Legislation .....	13
Our Organisational Structure .....	14
Our Corporate Executive .....	15
<b>Enhancing the Skills of Our Workforce .....</b>	<b>17</b>
Developing our employees .....	17
Graduate Development .....	17
Internal Communications .....	17
Employee Recognition.....	18
Work-Life Balance .....	18
Social Club .....	18
Employee Assistance Program .....	18
<b>Performance Management Framework .....</b>	<b>19</b>
Relationships to Government Goals .....	19
Agency Outcome .....	19
<b>SERVICE ONE:</b>	
<b>Build the Strategic Capability of the Local Government Sector.....</b>	<b>22</b>
Structural Reform .....	22
Capacity Building.....	23
Local Government Services in Indigenous Communities .....	24
Grants and Funding Programs.....	25
Women in Local Government .....	27
Royalties for Regions Activities .....	28
Cross Agency Partnerships .....	28
Western Australian Local Government Grants Commission .....	28
Local Government Advisory Board .....	29
State Local Government Partnership Agreement .....	29

**CONTENTS (CONTINUED)****SERVICE TWO:**

Strengthen Good Governance in the Local Government Sector .....	30
Legislative Development and Review .....	30
Local Government Support and Advice .....	31
Remuneration of Local Government Chief Executive Officers .....	33
Monitoring and Compliance .....	34
Trends and Statistics .....	35
Other Projects .....	39

**SERVICE THREE:**

Promotion and Support of Multiculturalism in Western Australia .....	40
Office of Multicultural Interests .....	40

**Significant Issues Impacting the Agency ..... 45**

Local Government .....	45
------------------------	----

**Independent Audit Opinion ..... 47****Financial Statements ..... 49****Disclosures and Legal Compliance – ..... 49**

Certification of Financial Statements .....	49
---	----

**Notes to the Financial Statements ..... 57**

Department mission and funding .....	57
--------------------------------------	----

**Key Performance Indicators ..... 82**

Certification of Key Performance Indicators .....	82
Relationship to Government Goals .....	83
Outcomes and Effectiveness Indicators .....	84
Effectiveness Mechanism – Capability Index .....	84
Effectiveness Mechanism – Stakeholder Survey .....	86
Efficiency Indicators .....	88
Ministerial Directives .....	88

**Other Financial Disclosures ..... 89**

Pricing Policies of Services Provided .....	89
Capital Works .....	89
Contracts with Senior Officers .....	89
Summary of employees .....	89
Reviewing Our Human Resource Policies .....	90
Industrial Relations .....	90

**Governance Disclosures ..... 91**

Conflict of Interest .....	91
<i>Electoral Act 1907</i> Section 175ZE .....	91
Disability Access and Inclusion Plan .....	92
Compliance with Public Sector Standards and Ethical Codes .....	93
Freedom of Information .....	93
Review of Efficiency and Effectiveness of Departmental Record Keeping Training Program .....	93
Review of Efficiency and Effectiveness of Departmental Record Keeping Systems .....	93
Substantive Equality .....	94
Occupational Health and Safety .....	94

**Annual Report Feedback Form ..... 95**

# Statement of Compliance

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report for the Department of Local Government for the financial year ended 30 June 2011.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Jennifer Mathews  
**Accountable Authority**  
12 September 2011

# Director General's Report



Looking back over the past year, I'm very pleased with the progress the Department has made towards achieving its overall goal of building strong and sustainable communities.

On the local government front, the Department has continued to play a key role in supporting the State Government's local government reform program to ensure that local governments are able to meet the changing needs of their communities.

As at June 2011, 39 local governments were engaged in structural reform activity either through Regional Transition Groups or Regional Collaborative Groups. On 1 July 2011, a major milestone was achieved with the amalgamation of the City of Geraldton-Greenough and the Shire of Mullewa to form the new City of Greater Geraldton.

A critical component of local government reform is building the capacity of local governments in areas such as strategic community planning, long term financial planning, asset management and community engagement.

A major focus for the Department has been supporting the roll out of the new integrated planning and reporting framework for local government in Western Australia. This initiative aims to support local governments to improve their integrated planning activities which are essential for meeting the long term aspirations of their communities. Key activities throughout the year have been the development of frameworks and guidelines, a new website, workshops and support for master classes around the State. The Department also developed a Human Resource Change Management Plan to assist local governments involved in an amalgamation.

In 2010-2011, the Department continued its focus on building good governance and providing effective regulation within the sector. This has been achieved through a variety of proactive and cooperative approaches that educate and support local governments in implementing good governance.

The Department has been working with the sector and with other agencies to establish policy frameworks and models that will support local government innovation and financial sustainability into the future.

2010 was the Local Government Managers Australia Year of Women in Local Government and this was celebrated with a range of activities. I am very pleased to report that due to the success of the inaugural Women in Local Government Conference a second conference was later held on 2-3 June 2011, with a focus on providing positive leadership advice to women in middle management and coordinator roles.

Over the past year, the Office of Multicultural Interests continued to implement a state-wide Community Engagement Strategy to ensure culturally and linguistically diverse (CaLD) communities were consulted and empowered to provide input into State Government policies and programs.

This strategy was evaluated and the outcomes will now provide the basis for the 2011-2012 strategy.

## DIRECTOR GENERAL'S REPORT

The success of the Community Engagement Strategy also led to new demand for the Office's consultation services from local governments and public sector agencies and it is expected this will continue in 2011-2012.

The new website launched by the Office in February 2011, has provided a one-stop shop for multicultural information, including 'Community News' and 'Community Events' sections, and details of ethnic organisations and groups in Western Australia.

Looking ahead, the Department will be finalising a new Performance Measurement Framework which aims to more accurately measure progress against the objectives of the local government reform program.

The Framework will enable the Department to assess the performance of the sector as a whole, as well as providing individual local governments with tools to measure their capacity in the four key areas of employees, communities, finances and assets.

A range of priorities were identified at the Whole of Local Government Forum – Planning for Change, convened by the Minister for Local Government on 12 May 2011, including the option of adopting a more tiered approach to governance, compliance and service delivery while streamlining compliance processes.

The proposed transfer of responsibility for local government services in remote Indigenous communities from the Commonwealth Government to State and local governments will continue to be a major priority for the Department and will provide a range of planning, funding and service coordination challenges.

In undertaking this project the Department recognises that a number of different planning models may be needed to deliver services, recognising the diversity in size, location, social capacity and economic sustainability of these communities.

2010 saw a big change with the relocation of the Department to the new State Government building Gordon Stephenson House at 140 William Street. The relocation was achieved with minimal disruption to staff and this was in large part due to the cooperation of all staff and the particular efforts of the Strategic Business Management Division.

I am very appreciative and proud of the hard work, commitment and contribution everyone has made within the Department during the past 12 months.

I would like to take this opportunity to thank other state government agencies and key stakeholders, such as the Western Australian Local Government Association (WALGA) and Local Government Managers Australia (LGMA), for their support and collaboration as we work together to build a strong and sustainable local government sector in Western Australia.



Jennifer Mathews  
**Director General**  
12 September 2011

# Executive Summary

## LOCAL GOVERNMENT REFORM

In 2010-2011 the Department of Local Government played a key role in progressing local government reform. The Department supported local governments seeking to progress amalgamation, supported business planning by local governments wishing to review the benefit of amalgamation or service collaboration, and implemented a wide range of capacity building initiatives under the Integrated Planning and Reporting Framework and Guidelines. In addition the Department supported the 22 local governments that are working towards normalising local government services in Indigenous communities. This has been a significant project for the Department.

Over 50% of local governments have indicated support for structural reform and are participating in or undertaking discussions on reform options. Four local governments are directly pursuing amalgamations and another four recommended to the Local Government Advisory Board that they amalgamate, however this was overturned through a poll. Geraldton-Greenough and Mullewa amalgamated on 1 July 2011 to create the new City of Greater Geraldton.

Sixteen local governments formed five Regional Transition Groups to investigate amalgamation and 23 local governments representing the remote regions of the State formed five Regional Collaborative Groups to investigate service collaboration. The councils engaged in the Regional Collaborative Group process are supported by the Department to scope and cost local government services in Indigenous communities. A cross sectoral planning committee was established in November 2010 to assist in mapping out the issues and planning the transfer of responsibilities.

In June 2010, Local Government Minister Hon John Castrilli MLA established the Local Government Reform Implementation Committee to progress the recommendations of the Local Government Reform Steering Committee. With the support of this high level committee and six working groups, the Department has progressed legislative amendments and developed tools and information for local governments to achieve sector wide improvements to integrated planning. Through grants totalling \$4.6million, local governments have commenced a series of improvement projects in the areas of strategic community planning, corporate business planning, workforce planning and in asset and financial management.

The Department is proactively engaging with the sector and has coordinated two major forums on behalf of the Minister for Local Government focussing on reform and planning for change. In June 2011, the Minister for Local Government announced the appointment of a high level independent panel to examine the social, economic and environmental challenges facing Perth. The panel will be responsible for recommending appropriate boundaries and governance models for local governments in the Perth metropolitan area and is required to report back to the Minister by June 2012.



## GOVERNANCE AND LEGISLATION

The Department is focused on strengthening good governance in the local government sector and providing effective regulation through the performance of a range of regulatory and non-regulatory functions.

A range of statutory functions relating to off-road vehicle areas, caravan parks and camping grounds, cemeteries and companion animals is also carried out by the Department.

The regulatory compliance of all local governments to the *Local Government Act 1995* and associated regulations has been achieved primarily through three processes:

- Monitoring of each local government's adherence to legislation
- Conducting Better Practice Reviews at local governments, and
- Investigating complaints.

The Department completed 235 complaints about local governments for the 2010-2011 financial year. The Authorised Inquiry into the Shire of Shark Bay was also completed during the year.

Better Practice Reviews were undertaken in cooperation with the City of Gosnells, City of Vincent and City of Albany.

In 2010-2011 a number of initiatives to assist local governments have been undertaken including:

- Finalisation of stage two of the Local Government Accounting Manual
- Review and amendment of local government compliance reporting requirements, and
- Development of a range of new and amended guidelines on a range of topics that will assist the operation of local government in the State.

Following consultation in 2010 the *Cat Bill 2011* has been drafted and was introduced into Parliament in June 2011. This state-wide domestic cat control legislation will provide for responsible cat ownership and significantly reduce the thousands of stray cats being euthanized each year by introducing compulsory identification, sterilisation and registration of cats with local governments.

Several other important legislative projects were also progressed including:

- Work to facilitate consultation on amendments to the *Dog Act 1976*
- A review of the functions and legislation governing the Local Government Standards Panel, and
- Development of regulations arising from amendments made to the *Local Government Act 1995*.

## OFFICE OF MULTICULTURAL INTERESTS

The Office of Multicultural Interests (OMI) is a Division of the Department of Local Government. In the second year of the State Government's Multicultural Strategic Plan 2009-2013, OMI consolidated its work to achieve the strategic objectives of participation, equity and promotion. The plan was reviewed to include two new focus areas: criminal justice and ageing.

OMI continued to facilitate high level partnerships and provide strategic advice and policy leadership within the Western Australian public sector on issues, services and programs affecting culturally and linguistically diverse (CaLD) communities.

The Office finalised the Implementing the Principles of Multiculturalism Locally Guide and Multicultural Planning Framework for local governments which was launched by the Minister at the Western Australian Local Government Association Conference in August 2010 and distributed to the 139 local governments across the State.

Implementation of the state-wide Community Engagement Strategy continued enabling CaLD community members to provide input to government policies, programs and services. This was achieved through regional consultations held in partnership with State Government, local government and community groups. Consultations held in Karratha, Port Hedland, Broome and Katanning provided CaLD communities an opportunity to give feedback on government services and programs as well as discuss regional issues.

Consultations and roundtables were also conducted in Perth on topics including issues for CaLD families, young people and utilities.

OMI also commenced a review of the implementation of the Western Australian Language Services Policy 2008 across the Western Australian public sector including a survey of public sector agencies to monitor the level of awareness of the policy and its implementation.

# Operational Structure

## ABOUT THE DEPARTMENT OF LOCAL GOVERNMENT

The Department of Local Government is the State Government agency responsible for promoting and supporting a strong and sustainable local government sector in Western Australia.

The Department also includes the Office of Multicultural Interests and governance responsibility for the Office of Heritage. Together, these three areas aim to build strong and sustainable communities in Western Australia.

Formed in July 2009 following machinery of Government changes, the Department works cooperatively with the State's local governments, industry associations and other key stakeholders to ensure the sustainability and delivery of quality services to Western Australian communities.

The Department recognises that a strong local government sector, which is able to represent its communities fairly and effectively and deliver services that best meet community needs, is central to the health and well being of our communities.

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**Our Vision** Better Services, Better Communities

**Our Mission** To build strong and sustainable communities

**Our Values** As a Department we are committed to our corporate values.

Integrity	We are committed to providing quality and sound services and practice ethical behaviour consistent with our values
Respect	We are open and honest with others and behave in ways that contribute to an inclusive, supportive, cooperative and trusting working environment
Professionalism	We seek to maintain the highest professional standards in all that we do
Collegiality	We will work collaboratively united in a common purpose
Innovation	We aim to continually improve our organisation and demonstrate genuine and active commitment to new methods within the Department
Excellence	We are committed to pursuing excellence in achieving our mission and vision
Diversity	We recognise and value diversity in our workplace and in our community and structure our programs accordingly
Service	We strive to provide a high standard of service to achieve customer satisfaction

## RESPONSIBLE MINISTER

The Department is responsible to Hon John Castrilli MLA, Minister for Local Government; Heritage; Citizenship and Multicultural Interests.

## DIRECTOR GENERAL

The Director General of the Department is Ms Jennifer Mathews, who is also the Accountable Authority as prescribed under section 52 of the *Financial Management Act 2006*.

## ENABLING LEGISLATION

The Department of Local Government was established on 1 July 2009 under the *Public Sector Management Act 1994*.

## ADMINISTERED LEGISLATION

The following legislation is administered by the Department as at 30 June 2011:

<i>Albany Cemeteries Act 1943</i>	<i>Guildford Cemeteries Act 1936</i>
<i>Albany Public Cemeteries Subsidies Act 1952</i>	<i>Guildford Old Cemetery (Lands Revestment) Act 1949</i>
<i>Animal Welfare Act 2002<sup>1</sup></i>	<i>Kojonup Cemetery Act 1928</i>
<i>Busselton Cemetery Act 1944</i>	<i>Local Government (Miscellaneous Provisions) Act 1960 (other than Parts VIII, IX &amp; XV)</i>
<i>Caravan Parks and Camping Grounds Act 1995</i>	<i>Local Government Act 1995</i>
<i>Carnarvon Electric Lighting Act 1924</i>	<i>Local Government Grants Act 1978</i>
<i>Cemeteries Act 1986</i>	<i>Mandurah Church Burial Ground Act 1947</i>
<i>City of Fremantle (Free Literary Institute) Act 1948</i>	<i>Northam Cemeteries Act 1944</i>
<i>City of Fremantle and Town of East Fremantle Trust Funds Act 1961</i>	<i>Ocean Gardens (Inc.) Act 2004</i>
<i>City of Perth Improvement Act 1913</i>	<i>South Fremantle Oil Installations Pipe Line Act 1948</i>
<i>City of Perth Restructuring Act 1993</i>	<i>Tamala Park Land Transfer Act 2001</i>
<i>Control of Vehicles (Off-road Areas) Act 1978</i>	<i>Toodyay Cemeteries Act 1939</i>
<i>Dog Act 1976</i>	<i>Transfer and Use of Funds (Shires of Harvey and Waroona) Act 1991</i>
<i>Fremantle Endowment Lands Act 1918</i>	<i>York Cemeteries Act 1933</i>
<i>Fremantle Improvement Act 1913</i>	

Regulations associated with these Acts are also administered.

<sup>1</sup> Effective 1 July 2011 the administration of the *Animal Welfare Act 2002* transferred to the Department of Agriculture and Food.

## COMPLIANCE WITH LEGISLATION

In performing its functions the Department complies with the following relevant laws:

*Disability Services Act 1993*

*Equal Opportunity Act 1984*

*Financial Management Act 2006*

*Freedom of Information Act 1992*

*Industrial Relations Act 1979*

*Library Board of Western Australia Act 1951*

*Minimum Conditions for Employment Act 1993*

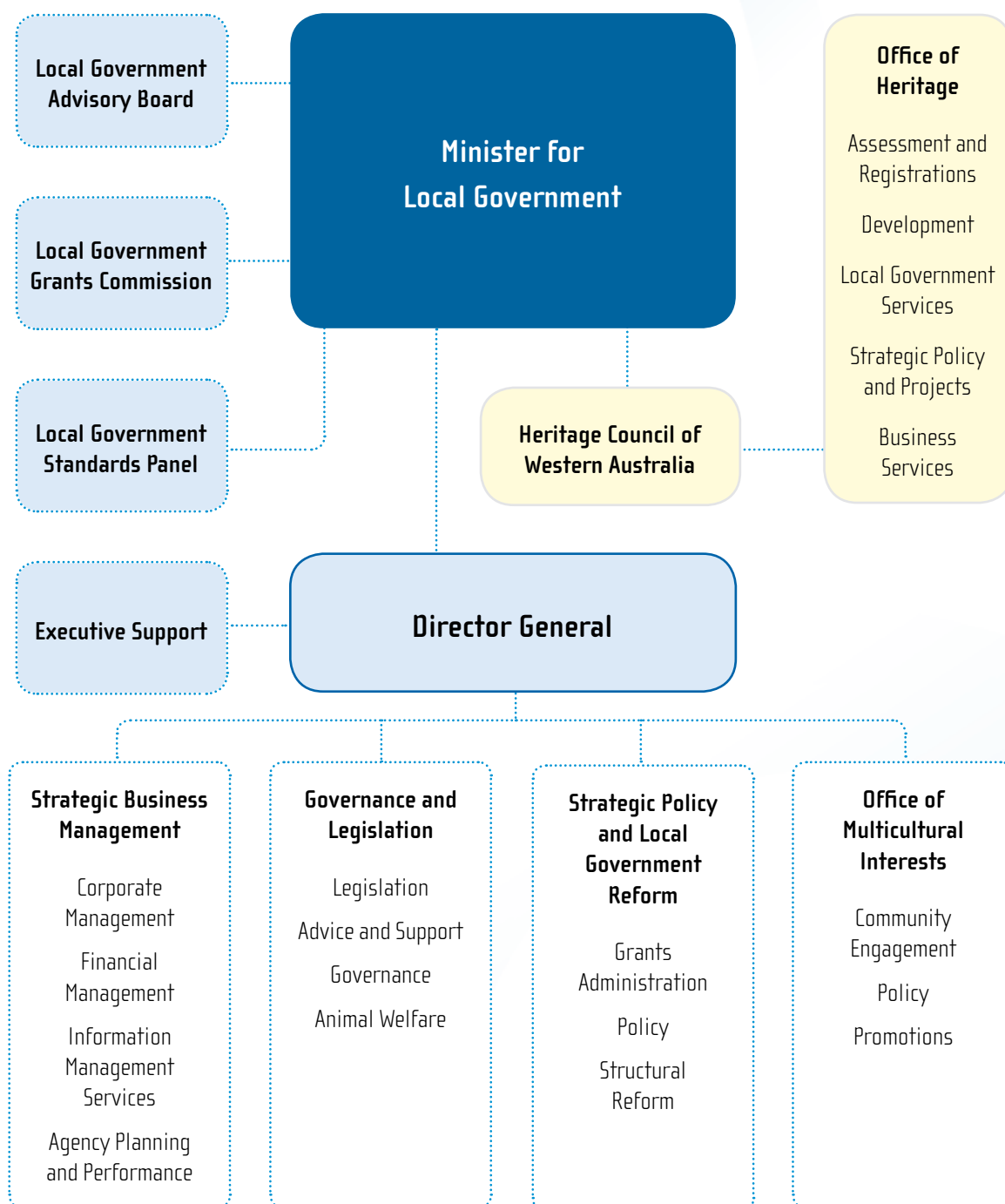
*Occupational Safety and Health Act 1984*

*Public Interest Disclosure Act 2003*

*Public Sector Management Act 1994*

*State Records Act 2000*

## OUR ORGANISATIONAL STRUCTURE



The Department of Local Government has governance responsibility for the Office of Heritage. The Office of Heritage produces its own annual report available at [www.heritage.wa.gov.au](http://www.heritage.wa.gov.au)

## OUR CORPORATE EXECUTIVE



**Jennifer Mathews**  
**DIRECTOR GENERAL**

Jennifer Mathews joined the Department in 2008.

Since taking up the role, Jennifer has focussed on delivering the State Government's new policy priorities, including the local government reform program. Over this period, she has also taken the opportunity to restructure the Department to ensure that it is able to achieve its priorities in supporting a strong and sustainable local government.

Prior to her current role, Jennifer served with the Commonwealth Government for over 25 years. This included roles as State Manager of the Australian Trade Commission and State Director of the Department of Foreign Affairs and Trade in Western Australia.

Jennifer has also held a number of senior management and policy positions with the Department of Foreign Affairs and Trade in Canberra and overseas. She has a legal background and has worked as a lawyer and trade law consultant in Melbourne and Jakarta.

Jennifer is the Chair of the Local Government Reform Implementation Committee, an Honorary Board Member of the Local Government Managers Australia (WA Division) and a member of the Minister for Local Government's Advisory Committee on Women in Local Government.



**Wendy Murray**  
**EXECUTIVE DIRECTOR | Strategic Policy and Local Government Reform**

Wendy has 11 years experience in executive roles in the State Government and brings a history of achieving change in complex legislative and policy environments and management of national and state projects. Since joining the Department in October 2009 Wendy has had a key role leading strategic developments in the local government sector, including the local government reform program.

Prior to commencing with the Department, Wendy was Director of the Office of Crime Prevention where she was responsible for the operations of the Office and the successful delivery of crime prevention initiatives across the State.



**Brad Jolly**  
**EXECUTIVE DIRECTOR | Governance and Legislation**

Brad commenced with the Department in October 2009 and has a breadth of experience across both the private and public sector. Most recently, he was Executive Director, Policy and Planning, at the Department for Communities.

In his role Brad focuses on leading the Governance and Legislation Division to provide advice and support to local governments as well as administering the statutory functions of the *Local Government Act 1995* and other legislation administered by the Department. Brad also occupies the positions of Presiding Member of the Local Government Standards Panel and Deputy Chair of the Local Government Grants Commission.

A key aspect of Brad's role is working with the sector to build governance standards that reflect best practice.





### **Maria Osman**

#### **EXECUTIVE DIRECTOR | Office of Multicultural Interests**

Maria commenced with the Department in September 2009. Maria has held senior positions at the University of Western Australia, the Association of Services to Torture and Trauma Survivors and as the Executive Director of the Office for Women's Policy.

Maria has extensive experience in public sector policy and research in the areas of equity, diversity and human rights both in Australia and England.

In her position Maria plays an important leadership role in implementing the State Government's Multicultural Strategic Plan, in promoting the benefits of a multicultural Western Australia, improving the services available to people from diverse cultural, linguistic and religious backgrounds, and in providing strategic advice across the public sector.



### **Graeme Gammie**

#### **EXECUTIVE DIRECTOR | Office of Heritage**

Graeme Gammie was appointed to the role of Executive Director for the Office of Heritage in July 2009.

A senior public servant with extensive experience in heritage conservation and adaptation, Graeme was previously General Manager of Corporate Development Services at the Department of Housing. Prior to that, he was Executive Manager of Fremantle Prison for five years where he oversaw significant restoration of the heritage site.

Working alongside the Heritage Council of Western Australia, Graeme is promoting our State's heritage and working closely with the community to ensure places of State significance are sensitively integrated with the new, creating vibrant exciting spaces across Western Australia.



### **Alan Shaw**

#### **EXECUTIVE DIRECTOR | Strategic Business Management**

Alan Shaw joined the Department as the Executive Director, Strategic Business Management in early 2010.

Alan has extensive experience in management roles and has been accountable for strategic, financial and treasury management. He was previously a Chief Finance Officer and Company Secretary for a large not-for-profit organisation and has held various senior financial positions in a State Government Trading Enterprise.

As Executive Director, Strategic Business Management Alan oversees the Department's Strategic Planning, Human Resources, Financial Management, Information Management and Risk Management.



# Enhancing the Skills of Our Workforce

## DEVELOPING OUR EMPLOYEES

The Department strongly believes in the holistic growth of employees that can be beneficial to both the business and employee. Employee development includes skills development and career planning to ensure that all staff have the skills and capacity to guarantee the Department's sustainability and future growth.

Through the revamped Performance Development Process and other training programs we are able to identify the skill development required for staff to meet the demands of the business for the long term.

As part of the Workforce and Diversity Plan the Department is undertaking a substantial succession planning program. This is an interactive process between the employee and the Department to plan the employee's future employment.

Study assistance through funding and/or flexible working arrangements is also available for employees who undertake approved external study relating to their area of work.

## GRADUATE DEVELOPMENT

The Graduate Development Program ended in 2010. Since this time all six graduates have found positions (at higher classification levels) in the Department or other Western Australian public sector agencies.

## INTERNAL COMMUNICATIONS

Internal communications contribute to building team spirit, fostering a positive work culture and ensuring employees are informed about Departmental activities.

Our Intranet keeps staff regularly informed about the latest developments within our business and provides information about social activities and events.

During 2010-2011, the Intranet played a critical role in communicating the Department's move to Gordon Stephenson House at 140 William Street through regular articles and information for staff leading up to the move in June 2011.

The Department's Corporate Executive has driven a change to make internal communications a regular part of high level planning and this is now a standing agenda item. The aim is for our staff to have an awareness of issues facing the portfolio beyond their immediate work area.

## ENHANCING THE SKILLS OF OUR WORKFORCE (CONTINUED)

## EMPLOYEE RECOGNITION

The Department introduced 'Bright Stars' in 2010. Bright Stars is an employee recognition program that acknowledges and rewards staff who demonstrate actions and behaviour that reflect the Department's corporate values.



The program recognises and rewards positive behaviours that support the Department to achieve its mission, 'To build strong and sustainable communities' and is directly linked to the Strategic Plan 2010-2015 and Performance Development Process.

Since its introduction 29 staff have been recognised as Bright Stars.

## WORK-LIFE BALANCE

We recognise the success of the Department depends very heavily on the productivity and work performance of our staff. The Department supports part time work, flexible working arrangements, job sharing, and purchase leave requests.

The Department has a Wellness Program that focuses on the mental and physical wellbeing of employees. The program offers education, activities and services that support positive lifestyle and a healthy work-life balance ensuring personal health is a priority. Monthly information sessions on various topics of interest have also been organised to help employees gain knowledge on their own mental and physical wellbeing.

## SOCIAL CLUB

The Department's Social Club continues to contribute to creating a fun and enjoyable work environment for our staff. A range of events were held in 2010-2011 for the benefit of members and other departmental staff including morning teas in support of charities, lunches, sundowners and an inaugural cricket match.

The Social Club coordinates staff charity collections towards various charities in Western Australia.

## EMPLOYEE ASSISTANCE PROGRAM

The Department acknowledges that our staff face difficulties from time to time and offers an Employee Assistance Program. The program is available to all employees and provides help through counselling and support and is a service that supports employees when they need it the most.

# Performance Management Framework

## RELATIONSHIPS TO GOVERNMENT GOALS

The Government goal of *'Stronger focus on the Regions'* and *'Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas'* is strongly supported by the Department of Local Government. This is prevalent through the three services implemented by the Department.

## AGENCY OUTCOME

*'To build the capability of the local government sector to deliver economic and social services to communities'* is the desired outcome in respect to local government. This outcome is executed through the following services:

**SERVICE ONE:** BUILD THE STRATEGIC CAPABILITY OF THE LOCAL GOVERNMENT SECTOR

**SERVICE TWO:** STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR

## AGENCY OUTCOME

*'A Western Australian public sector which recognises the Western Australians play a significant role in setting policies that shape their society'* is the desired outcome of the Department in respect to Office of Multicultural Interests. This outcome is executed through the provision of the following service:

**SERVICE THREE:** PROMOTION AND SUPPORT OF MULTICULTURALISM IN WESTERN AUSTRALIA

# Agency Performance – Report on Operations

## FINANCIAL TARGETS

The following is a summary of the financial performance and position of the Department as at 2010-2011. The summary is based on the following information provided in the Department's Statement of Comprehensive Income and Statement of Financial Position.

### *Financial Targets: Actual performance compared to budget targets*

	2010-2011	2010-2011	Variation
	Target \$000	Actual \$000	\$000
Total Cost of Services (expense limit) (sourced from Statement of Comprehensive Income)	28,325	28,086	(239)
Net Cost of Services (sourced from Statement of Financial Position)	28,120	26,243	(1,877)
Total Equity (sourced from Statement of Financial Position)	15,559	17,001	1,442
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(1,656)	(21,964)	20,308
	No.	No.	No.
Approved full time equivalent (FTE) Staff level	127	116	(11)

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

## SUMMARY OF KEY PERFORMANCE INDICATORS

	2010-2011 Target	2010-2011 Actual	Comment
<b>Outcome: To build the capability of the local government sector to deliver economic and social services to communities.</b>			
Key Effectiveness Indicators:			
<ul style="list-style-type: none"> <li>Improvement in local government capability in fulfilling their responsibilities to communities.               <ul style="list-style-type: none"> <li>Capability by individual local government</li> <li>Capability across all criteria</li> </ul> </li> </ul>	65%	1.4% 33.8%	Refer to Key Performance Indicators section for detailed explanation
<ul style="list-style-type: none"> <li>Stakeholder satisfaction rating with the services provided by the Department to build capability in local government.</li> </ul>	80%	79%	

**Service One: Build the Strategic Capability of the Local Government Sector**

Key Efficiency Indicators:			
<ul style="list-style-type: none"> <li>Average cost of advice and support to develop local government capability.</li> </ul>	\$42,741	\$41,376	See note 1

**Service Two: Strengthen Good Governance in the Local Government Sector and provide Effective Regulation**

Key Efficiency Indicators:			
<ul style="list-style-type: none"> <li>Cost of support services per local government</li> </ul>	\$24,282	\$27,704	See note 1
<ul style="list-style-type: none"> <li>Average cost per inquiry and investigation</li> </ul>	\$1,846	\$2,737	See note 2
<ul style="list-style-type: none"> <li>Average cost per monitoring per local government</li> </ul>	\$13,882	\$16,248	See note 1

	2010-2011 Target	2010-2011 Actual	Comment
<b>Outcome: A Western Australian public sector which recognises that Western Australians play a significant role in setting policies that shape their society.</b>			
Key Effectiveness Indicators:			
<ul style="list-style-type: none"> <li>Extent to which the principles of multiculturalism are accepted and practised in Western Australia.</li> </ul>	65%	43%	See note 3
<ul style="list-style-type: none"> <li>Extent to which policies and practices of public sector agencies reflect the principles of multiculturalism.</li> </ul>	75%	66%	See note 3

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

Service Three: Promotion and support of Multiculturalism in Western Australia			
Key Efficiency Indicators			
<ul style="list-style-type: none"> <li>Average costs per policy project/initiative for Multiculturalism</li> </ul>	\$45,672	\$45,453	see note 2

Note 1 – Target expenses were lower than actual. These indicators are new, therefore no trend analysis is provided.

Note 2 – Actual number of inquiries were lower than estimated. The methodology for these indicators have changed therefore no trend analysis is provided.

Note 3 – The difference between 2010-2011 target and actual reflects a change in the survey questions to focus on Office of Multicultural Interests' Strategic Plan and an increase in 'neutral' responses. These indicators are new, therefore no trend analysis is provided.

## SERVICE ONE:

## BUILD THE STRATEGIC CAPABILITY OF THE LOCAL GOVERNMENT SECTOR

## STRUCTURAL REFORM

The Department commissioned the development of Regional Business Planning templates to provide local governments with robust planning frameworks. These business planning tools assisted local governments to examine the benefits and costs associated with amalgamation and to identify opportunities and merits of shared service arrangements. Sixteen local governments have formed five Regional Transition Groups and 23 local governments representing the remote regions of the State have formed five Regional Collaborative Groups.

At the close of this year there were 72 local governments supporting the State Government's structural reform initiatives. These were either progressing amalgamations; engaged in Regional Transition Groups to assess the benefits of amalgamations; engaged in Regional Collaborative Groups to identify opportunities for sharing services, or supportive of structural reform but not able to form a group with neighbouring local governments.

Four local governments directly pursued amalgamations outside of the Regional Transition Group option. The proposal for the amalgamation of Geraldton-Greenough and Mullewa has been approved by the Local Government Advisory Board and by the Minister. Gazettal of the change occurred on 20 May 2011 for the new City of Greater Geraldton to be formed on 1 July 2011. Departmental staff worked closely with the local governments through the amalgamation process and provided grant funding to assist with change management and systems integration. This amalgamation will deliver a higher level and more diverse range of services to the communities.

The proposed amalgamation of the Shires of Yilgarn and Westonia is progressing and the Shires are currently undertaking a business planning process modelled on the Regional Transition Groups' business planning framework. The proposal for amalgamation of Mingenew, Morawa, Three Springs and Perenjori was approved by the Local Government Advisory Board but was subsequently defeated at a poll.



*The Shires of Brookton and Pingelly Shires signed a Regional Transition Agreement on the 4 August 2010. Back Row: Barry Coote, President, Brookton Shire; Jennifer Mathews, Director General, Department of Local Government; Hon John Castrilli MLA; Gary Clark, CEO Brookton Shire. Front Row: Mick Oliver, CEO, Pingelly Shire; Merv Beard, President, Pingelly Shire.*

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

In addition to grants to support amalgamating local governments the Department developed and released a Human Resource Change Management Plan to assist amalgamating local governments manage their workforces through the resultant changes.

Ongoing support is provided by Case Managers which are individually allocated to groups and through funding to complete a Regional Business Plan. The Pilbara Regional Collaborative Group completed their Regional Business Plan at the end of the financial year. A further seven local governments are investigating structural reform options and 22 local governments are supportive of reform but have been unable to resolve partners or groupings.

A priority of local government reform is the reduction in the number of elected members. This contributes to greater competition for positions and more strategically focussed representative bodies to support the emphasis on long term and regionally relevant planning by local governments. Of 39 local governments intending to reduce their councillor numbers, 19 took the opportunity to reduce numbers in time for the 2011 local government elections. Since the 2009 local government elections 26 local governments have reduced councillor numbers by a total of 45 (this includes the amalgamating City of Geraldton-Greenough and Shire of Mullewa). Eight local governments with greater than nine elected members reduced their councillor numbers to between six and nine.

As a means of facilitating information sharing between reforming local governments, a Local Government Reform Forum was held on 20 October 2010. Following positive feedback from this forum, a further Whole of Local Government Forum themed 'Local Government in Western Australia - Planning for Change' was held on 12 May 2011. A plan of action is in place to progress the outcomes and recommendations of these forums and provide further support to local governments.



*The Local Government Reform Forum held 20 October 2010 was attended by local government and other sector representatives from around the State.*

## CAPACITY BUILDING

The Report of the Local Government Reform Steering Committee confirmed the need to address critical capacity constraints across the sector, particularly the ability of local governments to undertake strategic community planning, asset management, long term financial planning and workforce planning.

In October 2010, the Department released the Integrated Planning and Reporting – Framework and Guidelines, followed in May 2011 by the accompanying documents Asset Management Framework and Guidelines, and Long Term Financial Planning Framework and Guidelines. These three resources were designed to be consistent with National Frameworks and provide local governments in Western Australia with the tools to undertake a successful integrated strategic planning process. By completing the Integrated Planning and Reporting process local governments will have:

- Ten year Strategic Community Plans that link the community's aspirations with the Council's vision and long term strategy
- Corporate business plans that link resourcing plans and specific Council plans with the Strategic Community Plans, and
- Clear statements of the future financial viability of the local government area.



## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

To support implementation of the Integrated Planning activities, the Department:

- Assisted the Local Government Managers Australia (WA Division) through funding and support staff to conduct a series of Master Classes for senior local government administrators throughout the State.
- Provided grant funds to assist local governments participating in or supporting the reform program, to develop their own strategic community plans, asset management and long term financial plans.
- Established an Approved Consultants Panel to give local government's access to experienced and qualified professionals who could assist them in developing the different plans.
- Secured funding support for grants through the Western Australian Country Local Government Fund and the Commonwealth Local Government Reform Fund.



In 2010-2011 work also commenced on drafting regulatory amendments that will require local governments to develop a Strategic Community Plan and Corporate Business Plan under the Plan for the Future provisions of the *Local Government Act 1995*.

### LOCAL GOVERNMENT SERVICES IN INDIGENOUS COMMUNITIES

The Commonwealth Government and the Government of Western Australia have made commitments to normalise the provision of local government services in Aboriginal communities from July 2012. The 23 local governments affected by the agreement are participating in a high level planning committee and in scoping and costing local government service delivery in communities.

The Local Government Services in Indigenous Communities Planning Committee was established in September 2010 to oversee Phase 1 of the project. This has involved the development of a template for use by local governments to ensure a common business model is applied to scope and cost services. The local governments have been provided grant funding through Royalties for Regions to complete this first stage and thereby enable a state-wide picture of the required services and likely costs to be produced from the data.

This first phase has been completed in the Pilbara and field work has commenced in the Kimberley, Gascoyne and Murchison. The next phase of the project will involve extensive negotiation and consultation with the Commonwealth, State government agencies, Local Governments and Aboriginal communities on service delivery and funding. Research has been commissioned to identify possible funding models to inform negotiations in Phase 2 of the project.

This is a challenging area for local government reform and requires a high degree of collaboration between all parties. The Planning Committee has representatives of the Department of Indigenous Affairs, Commonwealth Department of Families, Housing, Communities and Indigenous Affairs, the Western Australian Local Government Association, the Office of the Minister for Local Government and representatives of local governments in the Kimberley, Pilbara, Gascoyne and Goldfields regions. The Committee also ensures alignment with the Council of Australian Government Agenda: "Closing the Gap" and relevant National Partnership Agreements entered into by the Australian Government and the Government of Western Australia.



## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

## GRANTS AND FUNDING PROGRAMS

The Department expended \$11,173,020 on grant programs during 2010-2011. Grant payments are detailed below.

## Election Commitments

- Choose Respect Program Bunbury – \$40,000
- Kalamunda Community and Cultural Centre – \$700,000
- Royal Society for the Prevention of Cruelty to Animals (RSPCA) – \$250,000

**TOTAL: \$990,000**

## Support for Local Government Reform

Six separate grant programs have been established to support local government reform and capacity building through integrated planning. Three funding streams have been used – the Department's appropriation from Consolidated Account, Royalties for Regions and the Commonwealth Local Government Reform Fund.

*Amalgamation Planning*

Three groups were assisted in pre-amalgamation planning processes:

- Geraldton-Greenough/Mullewa Group - \$1,800,000
- Yilgarn/Westonia Group - \$468,285
- Mingenew/Three Springs/Perenjori/Morawa Group - \$30,000

**TOTAL: \$2,298,285**

*Integrated Planning*

A total of 15 grants to develop integrated planning through a common set of tools were provided to five Regional Transition Groups, four Regional Collaborative Groups, three Amalgamation Groups and three individual local governments.

**TOTAL: \$1,090,000**

*Asset Management Planning*

15 grants were offered and provided in 2010-2011 to develop asset management plans in three Regional Transition Groups, four Regional Collaborative Groups, one Amalgamation Group and seven individual local governments.

**TOTAL: \$1,832,000**

*Financial Planning*

37 grants were provided to develop common financial planning methods in four Regional Collaborative Groups, four country Regional Transition Groups, two Amalgamation Groups and 26 individual country local governments.

**TOTAL: \$1,680,000**

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

### *Regional Collaborative Groups – Business Planning*

Grants to develop regional business plans have been offered to five Regional Collaborative Groups.

- Regional Business Plans - \$608,500
- Project Officer - \$200,000

**TOTAL: \$808,500**

### *Regional Collaborative Groups – Implementation Planning*

- Regional Business Plan Implementation - \$190,300

**TOTAL: \$190,300**

### *Regional Transition Groups – Business Planning*

Five grants totalling \$823,200 were paid to five Regional Transition Groups during 2010-2011 to undertake a comprehensive regional business plan to assess the merit of amalgamation.

**TOTAL: \$823,200**

### *Other Capacity Building Programs*

Three grants have been provided to the local government sector to assist in capacity building programs for local governments:

- Local Government Managers Australia Master Classes - \$27,000
- Local Government Managers Australia E-Connect Program - \$65,100
- Australian Local Government Women's Association - \$2,785

**TOTAL: \$94,885**

## Local Government Services in Aboriginal Communities

Building on initial grants provided in 2009-2010, four regional collaborative groups and one individual local government were provided with funds to assist in developing plans for Scoping and Costing of Services in Aboriginal Communities.

**TOTAL: \$615,000**

## Leadership in Local Government

Leadership in local government has been encouraged through three separate grant programs:

- Local Government Scholarship Program – \$57,500
- Local Government Scholarship Scheme Trust Fund – \$28,600
- Australia and New Zealand School of Government Scholarships – \$30,000

**TOTAL: \$116,000**

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

## Wiluna Development Project

A final instalment was paid to the Wiluna Development Project.

**TOTAL: \$435,000**

## Other

### *Outer Metropolitan Community Fund*

The program was discontinued from 1 July 2009, but the acquittal of some approved funding was delayed by tender processes, land transfer delays and other matters. The final payments have now been made.

**TOTAL: \$199,750**

## Online Grants Directory

The Department's Online Grants Directory, which is available at [www.grantsdirectory.dlg.wa.gov.au](http://www.grantsdirectory.dlg.wa.gov.au) is a popular resource for local governments and community organisations. Currently 73 grants are available for browsing. They are updated regularly to ensure that the information is current.

## WOMEN IN LOCAL GOVERNMENT

2010 was the Local Government Managers Australia Year of Women in Local Government (YoWiLG) and this was celebrated with activities and initiatives in the last half of 2010 carrying into 2011.

The Department contributed to the work of the Local Government Managers Australia National Steering Committee responsible for the implementation of the YoWiLG. Initiatives included promotion of the YoWiLG across Australia, establishment of an Ambassador program, provision of materials for YoWiLG activities by local governments and associated organisations, and the provision of a website portal for ongoing sharing of information.

The Department has also been actively engaged with the Australian Local Government Women's Association National Steering Committee which has carriage of several projects initiated through the Local Government and Planning Ministers' Council, in conjunction with the Australian Centre of Excellence for Local Government.

Following the success of the inaugural Women in Local Government Conference in 2010 the Advisory Committee and the Local Government Managers Australia (WA Division) held a second conference on 2-3 June 2011. The focus of this year's conference was to provide positive leadership practices and advice on how women in middle management and coordinator roles can manage and succeed in their careers.

The Advisory Committee also commenced a Mentoring Program for women in local government which will continue into 2011-2012.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

### ROYALTIES FOR REGIONS ACTIVITIES

The Country Local Government Fund is a part of the State Government's Royalties for Regions program that targets regional Western Australian communities. The Department has received funding from the Fund to support its activities in structural reform and capacity building in the sector. Regional local governments that are open to reform are being assisted with funding to improve their financial sustainability and asset management.

### CROSS AGENCY PARTNERSHIPS

The Department has continued fostering partnerships with the key stakeholders to identify opportunities and work collaboratively to achieve its mission to build strong and sustainable communities, these include:

- Keep Australia Beautiful
- Strong Families
- Drug and Alcohol Office Senior Officers Group
- Community Services Policy Group
- 'Closing the Gap' State Operations Committee
- Strategic Library Partnership Agreement
- Local Government Industry Working Group/Electrical, Utilities and Public Administration Training Council Inc.

### WESTERN AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION

The Western Australian Local Government Grants Commission is a statutory body established under section 4 of the *Local Government Grants Act 1978*. Its principle function is to make recommendations to the Minister for Local Government for the allocation of the Financial Assistance Grants to Western Australia's 139<sup>2</sup> local governments. The Financial Assistance Grants are made up of two components, the General Purpose component and the Road component.

The Commission visited 18 local governments during the year to conduct public hearings and deliver presentations about the role and function of the Commission.

In 2010-2011 the total amount paid to local governments in Financial Assistance Grants were:

- Advance Payment (2011-2012) - \$63,501,756
- General Purpose Grant (2010-2011) - \$110,917,484
- Road Grant (2010-2011) - \$73,829,449

The Commission made substantial progress with its grants determination methodology review during the year. This will be completed in early 2011-2012 followed by extensive modelling.

2 This figure is effective 30 June 2011.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

### LOCAL GOVERNMENT ADVISORY BOARD

The Local Government Advisory Board is a statutory body established under section 2.44 of the *Local Government Act 1995* to provide advice to the Minister on local government constitutional matters.

The Board had a busy year in 2010-2011 dealing with a number of issues flowing from the State Government's local government reform program. The Board processed a total of 26 ward and representation reviews conducted by local governments. It also considered a further nine proposals for councillor reductions as minor matters that did not require ward and/or representation reviews.

The Board considered five proposals for district boundary amendments, four of which were approved and one declined.

The Board completed two formal inquiries into local government amalgamations; amalgamation of the City of Geraldton-Greenough and the Shire of Mullewa, and amalgamation of the Shires of Perenjori, Morawa, Three Springs and Mingenew.

The amalgamation of the City of Geraldton-Greenough and the Shire of Mullewa was accepted by the Minister for Local Government and will result in the establishment of the City of Greater Geraldton from 1 July 2011. The recommendation to amalgamate the Shires of Perenjori, Morawa, Three Springs and Mingenew was rejected at a poll in Perenjori and will not proceed.

### STATE LOCAL GOVERNMENT PARTNERSHIP AGREEMENT

On 6 August 2010, the State Government signed the Western Australian State Local Government Agreement with the peak industry bodies, the Western Australian Local Government Association and Local Government Managers Australia (WA Division).

In the Agreement, the State Government recognises that local government plays a significant role in community governance, while the local government sector recognises that the State Government is responsible for strategic issues of State interest and for providing a coordinated approach to issues affecting all Western Australians.

The Agreement signifies firm commitment by all parties towards the achievement of increased capacity and long term sustainability of local government and improved outcomes for all Western Australians.

**SERVICE TWO:****STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR****LEGISLATIVE DEVELOPMENT AND REVIEW**

In 2010–2011, the Department continued the development and enactment of various legislative amendments to improve the operation of Acts administered by it.

**Principal Legislation***Local Government Act 1995*

The Department began drafting priority reform amendments to the *Local Government Act 1995*. The Bill will include amendments to:

- Require the resignation of elected members upon election to Parliament
- Align criminal conviction criteria for elected members with that of Western Australian Members of Parliament
- Restrict the types of financial products in which local governments can invest
- Introduce a mechanism for the temporary suspension of a Council to allow for a ‘cooling off’ period
- Clarify local government powers to apply charges for underground power.

*Cat Bill 2011*

Following consultation in 2010 the *Cat Bill 2011* has been drafted and was introduced into Parliament in June 2011. This state-wide domestic cat control legislation will provide for responsible cat ownership and significantly reduce the thousands of stray cats being euthanized each year by introducing compulsory identification, sterilisation and registration of cats with local governments. The legislation will have a two year lead in time to enable cat owners, industry and regulators time to meet the requirements.

*City of Fremantle and Town of East Fremantle Trust Funds Act 1961*

In response to a joint approach from the City of Fremantle and the Town of East Fremantle, drafting has commenced to repeal the obsolete *Trust Funds Act 1961*. This repeal is in line with the Government’s objectives to reduce the amount of regulation and to repeal any obsolete legislation that is no longer required.

**Subsidiary Legislation***Animal Welfare (General) Regulations 2003*

The *Animal Welfare (Pig Industry) Regulations 2010* were gazetted on 5 November 2010. The Regulations mandate animal welfare standards for the keeping of five or more sows on a commercial basis and enables consistency across jurisdictions and throughout the commercial pig industry in relation to policy, monitoring and enforcement of welfare standards.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

*Local Government (Audit) Regulations 1996 - Local Government (Audit) Amendment Act 2010*

In line with the Government's objective of reducing red tape, priority reform amendments to the Compliance Audit Return provisions of the *Local Government (Audit) Regulations 1996* were gazetted in December 2010. This reduced the size of the compliance audit return completed annually by local governments by 20%.

*Local Government (Administration) Regulations 1996 - Local Government (Administration) Amendment Regulations 2011*

Amendments gazetted on 3 May 2011 including provisions on gifts, advertising certain senior positions, meeting fees and use of council vehicles, provided increased clarity and accountability for local governments

Further amendments to the *Local Government (Administration) Regulations 1996* in respect to local government integrated strategic planning requirements were developed and will be gazetted in August 2011. These new planning requirements will come into effect on 30 June 2013.

*Local Government (Functions and General) Regulations 1996*

The Department drafted amendments including increasing the threshold at which major land transaction and major trading undertakings will require the preparation of a business plan, and providing for a penalty for the misuse of a local government's common seal.

**Local Laws**

In 2010-2011, a total of 118 proposed local laws were submitted to the Minister for Local Government in accordance with statutory requirements of the *Local Government Act 1995* and other written laws under the administration of other Ministers.

Minister's Circular No. 04-2010 on *Minister's Directions–Local Laws Explanatory Memoranda 2010* was issued on 7 November 2010 to update local governments on the mandatory statutory requirements of local law-making procedures.

Four gazetted local laws were disallowed by Parliament:

- *Shire of Dardanup Standing Orders Local Law 2009*
- *Shire of Koorda Standing Orders Local Law 2009*
- *Shire of Capel Keeping and Welfare of Cats Amendment Local Law 2009*
- *Shire of Koorda Cemeteries Amendment Local Law 2010.*

**LOCAL GOVERNMENT SUPPORT AND ADVICE**

The Department continues to provide support to local governments through its participation in a number of key programs including the Chief Executive Officer Support Program, monitoring activities, councillor support visits and Indigenous Support Programs.



## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

### Chief Executive Officer Support Program

The Chief Executive Officer Support Program continues to be offered to those appointed to the position for the first time. The Department works closely with Local Government Managers Australia (WA Division) to ensure the program develops in line with contemporary local government practices. In March 2011, the Department passed the administration of the program to Local Government Managers Australia with the aim of increasing participation in the program. The Department also supports the Local Government Managers Executive Development Program.

### Financial, Governance and Compliance Support

The Department introduced a suite of assessment programs that enables the financial health of all local government to be monitored. Feedback was provided to each local government on the finance and compliance matters raised through the course of the assessments.

As part of its monitoring activities the Department attended council meetings to provide feedback and advice on meeting process and governance issues.

A re-evaluation of the Department's Compliance Audit Program was completed which has resulted in a reduction in the size of the 2010 Compliance Audit Return by removing the areas of the return that were already audited in other ways. The Department is moving towards measuring performance rather than compliance. This work will be completed during 2011-2012.

### Councillor Support Visits

A one-on-one Councillor Support Program was offered to some local governments where a particular need was identified through Departmental monitoring. This allowed councillors to access a Department Officer and gain assistance with understanding their roles and responsibilities.

### Indigenous Support Program

A range of initiatives were undertaken to strengthen the relationship between local government and Indigenous communities by raising the awareness of local government in Indigenous communities and encouraging a greater role by Indigenous people in local government.

A dedicated support officer assists local governments with community engagement strategies and programs and provides one-on-one Indigenous councillor training.

The Department is also working with the Australian and Western Australian Electoral Commissions to increase awareness of the election processes within Indigenous communities and encourage enrolments and greater participation.

### Indian Ocean Territories

The Department has a Service Delivery Arrangement with the Commonwealth Department of Regional Australia, Regional Development and Local Government whereby it provides the same level of support and advice to the Shires of Christmas Island and Cocos (Keeling) Islands as it provides to Western Australian local governments.



## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

These local governments are Indian Ocean Territories however they operate under the auspices of the Western Australian *Local Government Act 1995*. Under a special arrangement, the Commonwealth Minister for Local Government and Territories is the designated Minister under that Act.

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

The Department has continued to provide advice to a range of stakeholders on the provisions and operation of the Act. The Advisory Hotline established in 2008-2009 has also been continued and provides immediate advice and information to local government elected members and staff.

During 2010-2011 the Department produced a number of publications to assist stakeholders to gain a better understanding of the provisions of the Act and operations of local government. The following publications were produced:

- *Edition 2 of the Local Government Accounting Manual*
- *Long Term Financial Planning Guidelines and Model*
- *Guidelines relating to Impartiality Interest and Elected Members Induction*
- *Frequently Asked Questions.*

### Local Government Elections

There were no ordinary local government elections held in 2010-2011.

Extraordinary elections are conducted when an elected member's position becomes vacant during the course of his or her term of office. A total of 22 extraordinary elections were conducted from 1 July 2010 to 30 June 2011.

## REMUNERATION OF LOCAL GOVERNMENT CHIEF EXECUTIVE OFFICERS

The Director General of the Department of Local Government is a Statutory Advisor to the Salaries and Allowances Tribunal for the purpose of the determination by the Tribunal of recommended remuneration bandwidths for the Chief Executive Officers (CEOs) of Western Australian local governments.

To assist the Tribunal with its deliberations and preparation of recommendations to enable it to report in June 2011, the Department surveyed all local governments and regional local governments, obtaining details of CEO remuneration for 2010-2011. Population, staffing numbers and operating and capital expenditure information was also provided for local governments and regional local governments. In addition, the Department reviewed and provided information and advice to the Tribunal regarding submissions from local governments received by the Tribunal and on potential changes to bandwidth for a number of local governments.

The Director General attended two meetings of the Tribunal in May and June 2011 and also discussed other matters relating to local government CEO remuneration with the Tribunal on those occasions.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

## MONITORING AND COMPLIANCE

The Department receives and handles complaints about local governments. These fall into three distinct types:

- General Complaints
- Serious Breach Complaints
- Minor Breach Complaints<sup>3</sup>.

Each category is defined by the requirement to follow different legislative processes.

In 2010-2011 the Department received 232 new complaints and completed 235. This compares with 283 complaints received and 307 completed in the 2009-2010 financial year.

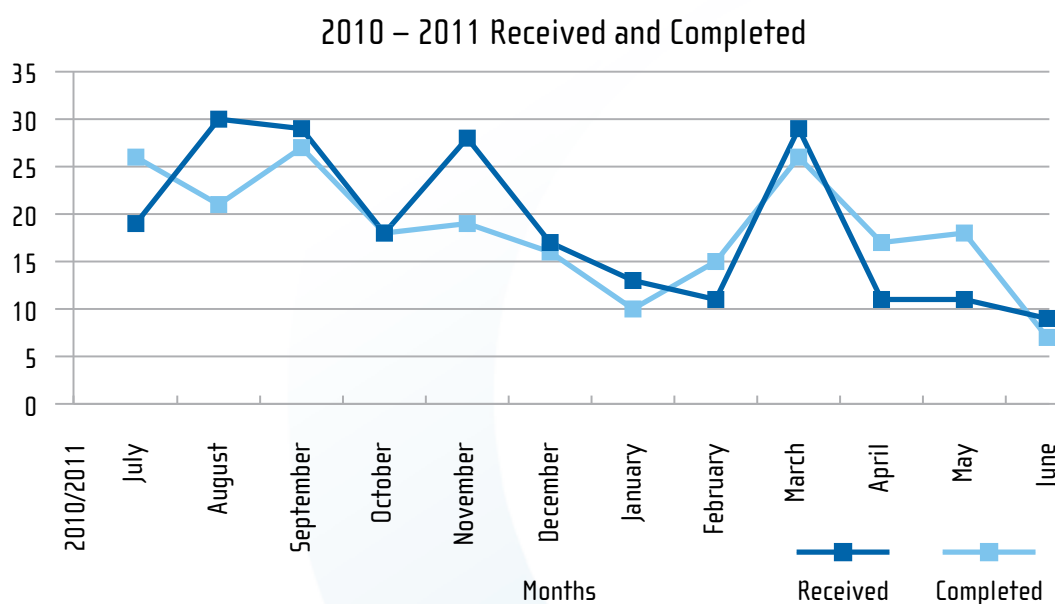
Complaints received by the Department may contain multiple allegations of separate offences. Complaints containing multiple allegations take more time and resources to address than a complaint that deals with only one allegation. It is therefore important to record not only complaints, but also the number of allegations that are reported.

During this financial year the Department completed 235 complaints, containing a total of 330 allegations. In 2009-2010 there were 307 completed complaints, containing a total of 393 allegations.

## Percentage of Complaints Completed

This financial year the Department finalised 75% of all complaints within 90 working days, (excluding complaints of minor breach which are dealt with by the Local Government Standards Panel), with 82% finalised within 12 months. This compares with 63% and 93% from the previous financial year representing 12% improved efficiency in finalising complaints within 90 days.

**Table 1 Complaints Received and Completed 2010-2011 – per month**



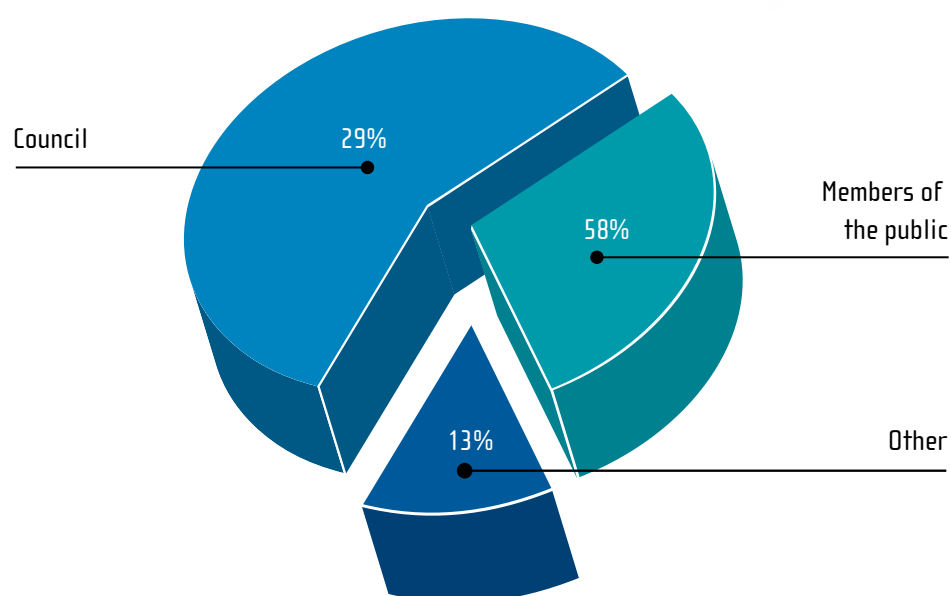
<sup>3</sup> Minor breach complaints are determined by the Local Government Standards Panel which the Department provides administrative support.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

## TRENDS AND STATISTICS

*Table 2 Source of complaints received 2010-2011*

Source of Allegations 2010 – 2011



## Source of Complaints

The above table shows correspondence from members of the public and council has dropped 1% from last year. There is a correlation between the source of complaints and the percentage of complaints showing that members of the public are the most common source of complaints and they tend to report matters as general complaints.

The category labeled 'Other' includes correspondence from other Government agencies including the Corruption and Crime Commission as well as any uncategorised source of complaints. 'Council' includes CEOs, Presidents, Councilors, Deputy Presidents and all other employees of the Council.

## Breakdown of Type of Complaints

*General Complaints*

General complaints encompass the 69% of all complaints received by the Department and are defined as those that do not fall under the provisions of the *Local Government (Official Conduct) Amendment Act 2007*. Those complaints were dealt with in a number of ways – table 3 provides a breakdown of the type of allegations received under this category, including a list of outcomes of the various methods used to deal with these complaints.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

Table 3 General Complaints 2010-2011

General Complaint Allegations Completed 1 July 2010 to 30 June 2011																
For General Complaints																
	Breach of the financial interest provisions by elected members	Breach of the financial interest provisions by employees	Failure to disclose financial interest or a proximity interest before or at Council or Committee meeting	Failure to Lodge Annual Return by Due date	Improper use of information by elected members	Improper use of information by employees	Miscellaneous	Offence under other written law (not the LG Act)	Other	Other actions of elected members and employees	Other processes and procedures at an administrative level	Procedures within council or committee meetings	Process and Procedures at Administrative level related to Planning Issues	Process and Procedures at Elected Members level related to Planning Issues	Tendering processes	Total
Advice Provided No Further Action Required by the Department	2	1				1	9	1	8	17	19	3	15	5		81
Departmental Warning Issued	11	1		8												20
Referred to Other Agency	1									1	3		1			6
Unsubstantiated	15						2		1	3	2			1	2	26
Complaint Dismissed			2													2
Departmental Warning Given (Serious Official Conduct)			1													1
Complaint Unfounded				1	1					5	1		1	1		10
No Jurisdiction to Act No Role for Department or Minister							4	2	1	8	3		8	1		27
Referred to Local Government for Other Action									2	3	3	1	2	1		12
Process Improvement Recommended										1	1		1		2	5
Recorded for Ongoing Monitoring Purposes										1	1	1	3			6
Referred to Local Government for Action - Code of Conduct										1						1
<b>Total</b>	<b>29</b>	<b>2</b>	<b>3</b>	<b>9</b>	<b>1</b>	<b>1</b>	<b>15</b>	<b>3</b>	<b>12</b>	<b>40</b>	<b>33</b>	<b>5</b>	<b>31</b>	<b>9</b>	<b>4</b>	<b>197</b>

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

## Local Government Standards Panel

In October 2007 the *Local Government Act 1995* was amended so that the conduct of an individual council member could be reviewed through a formal complaints system.

The Local Government Standards Panel was established as the independent body to receive and deal with complaints made by any person of alleged minor breaches.

The Department has a significant role in developing procedures and providing administrative support to the Standards Panel.

Under the governing legislation the Standards Panel is required to report annually to the Minister for Local Government on complaints dealt with by the panel during the financial year.

*Serious/Minor Complaints (Local Government (Official Conduct) Amendment Act 2007)*

The *Local Government (Official Conduct) Amendment Act 2007* provides avenues for dealing with allegations specifically concerning councillor misconduct. The legislation provides for the referral of minor breaches to the Local Government Standards Panel or in the case of serious breaches, referral by the Department to the State Administrative Tribunal.

The Department also provides an investigative role in regard to the serious breaches directly reported under the provisions of this legislation. Where appropriate, the Department has a role in collating the evidentiary material necessary for the referral of serious breaches to the State Administrative Tribunal for consideration.

**Table 4 Complaint of Serious Breach 2010-2011**

Serious Breach Allegations Completed 1 July 2010 to 30 June 2011										
For Serious Official Conduct Projects										
	Failure to lodge an annual return when due	After disclosure of s. 5.60 interest, Member participated in meeting without being allowed under s. 5.68 or s. 5.69	Breach of the financial interest provisions by elected members	Failure to disclose financial interest or a proximity interest before or at Council or Committee meeting	Failure to vote at a Council meeting or a delegated power Committee meeting	Improper use of information to gain advantage or to cause detriment	In a disclosure under s. 5.65, or a return, information provided false or misleading or likely to deceive	Miscellaneous	Other - Non Conforming	Total
Departmental Warning Given (Serious Official Conduct)	1	2		1						4
Complaint Dismissed		4		13	1	3	1	4	2	28
Unsubstantiated			1							1
Non-Complying Complaint								5	1	6
<b>Total</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>9</b>	<b>3</b>	<b>39</b>

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

*Minor Breach Complaints*

In the period 1 July 2010 to 30 June 2011, the Standards Panel received 53 minor breach complaints and completed 31 (which include those complaints received in the previous financial year but completed this year). The 31 completed complaints contained 86 allegations.

*Allegations of Minor Breach*

Table 5 shows a break down of outcomes for allegations of minor breaches during the financial year.

**Table 5 Complaint of Minor Breach 2010-2011**

<b>Minor Breach Allegations Completed 1 July 2010 to 30 June 2011</b>										
<b>For Minor Official Conduct Projects</b>										
	Breach of Meeting Procedures Local Law (Standing Orders)	General Principals Governing elected member behaviour	Improper use of information	Miscellaneous	Misuse of local government resources	Non-disclosure of interest adverse to impartiality	Prohibition against involvement in administration	Relations with local government employees	Securing personal advantage or disadvantaging others	<b>Total</b>
No Breach	14	3	3	2	2	5	7	12	25	<b>73</b>
Public Apology	2							5	2	<b>9</b>
Training	5									<b>5</b>
Public Censure			1						2	<b>3</b>
Complaint Dismissed					1				1	<b>2</b>
No Jurisdiction								1		<b>1</b>
Censure and Public Apology									1	<b>1</b>
<b>Total</b>	<b>21</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>18</b>	<b>31</b>	<b>94</b>

*Authorised Inquiry into the Shire of Shark Bay*

In May 2009 the Department commenced an authorised inquiry into the Shire of Shark Bay to investigate a number of governance issues and on 10 November 2010 the completed report was tabled in Parliament.

*Legislation Support*

Statutory approvals cover the following:

*Local Government Act 1995*

- S5.7(1) Reduced Quorum
- S5.69 Approval to Participate
- S6.2(1) Extension of time to adopt Annual Budget
- S6.4(3) Extension of time to complete and submit Annual Financial Report
- S6.28 Basis of Rates
- S6.33(3) Differential rates – Unimproved Value
- S6.35(5) Minimum Payments
- S6.74 Sale of land for non payment of rates-power to have land reverted in the Crown

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

### *Cemeteries Act 1986*

- S12 Burials Outside of Proclaimed Cemeteries

During the financial 2010-2011 year, the Department has dealt with 171 Statutory Approvals relating to the *Local Government Act 1995* and *Cemeteries Act 1986*.

## OTHER PROJECTS

### City of Albany Better Practice Review

The City of Albany is presently engaged in implementing the Better Practice Report's recommendations with the Department providing assistance and advice.

### Animal Welfare Branch

On 1 July 2011 the regulatory responsibility for the *Animal Welfare Act 2002* transferred to the Department of Agriculture and Food.

In 2010–2011 the Animal Welfare Branch received 129 animal welfare complaints in relation to suspected breaches of the *Animal Welfare Act 2002*. Complaints were received from Commonwealth, State and local government, animal welfare interest groups and members of the public.

The 24/7 emergency hotline received 106 calls in relation to various animal welfare concerns.

During 2010-2011 results from two prosecutions were achieved. Other prosecutions under the *Animal Welfare Act 2002* that are yet to be dealt with by the courts were commenced.

For the fourth consecutive year the Branch supported the Western Australia Rangers Association and presented a two hour panel forum on animal welfare at its annual conference in Rockingham. The panel stimulated healthy debate about animal welfare in Western Australia.

Prior to transferring there were 175 appointed General Inspectors under the Act within Western Australia. These include appointments from Department of Local Government, Department of Agriculture and Food, Department of Environment and Conservation, local governments and the RSPCA (WA). All WA Police officers are also empowered as General Inspectors under the Act.

Under the Act the Branch continued to regulate the use and supply of animals for scientific purposes, including research and teaching, in Western Australia.

The national review of the Australian Code of Practice for the Care and Use of Animals for Scientific Purposes 7th Edition has been completed and a draft will soon be released for public comment. Compliance with the scientific code is mandatory under the Act.

During 2010–2011 three investigations into breaches of Part 2 of the Act or scientific code were completed and another two are currently underway.



**SERVICE THREE:****PROMOTION AND SUPPORT OF MULTICULTURALISM IN WESTERN AUSTRALIA****OFFICE OF MULTICULTURAL INTERESTS**

Western Australia is a globally-connected, multi-ethnic, multi-religious and multicultural society whose members are drawn from a rich heritage of cultural traditions and histories making diversity one of the State's greatest assets. The State continues to have a large proportion of people born overseas; more than half a million people (27.1% or 531,747 people). There are people from more than 200 countries living, working and studying in Western Australia, speaking as many as 270 languages and identifying with more than 100 religious faiths<sup>4</sup>.

This cultural diversity brings with it many and varied benefits, challenges and opportunities and creates an important role for the Government through the Office of Multicultural Interests.

There is an opportunity for government agencies, private and community sector organisations to harness the State's rich cultural diversity by planning, developing and delivering services and programs that meet the specific needs of people from culturally and linguistically diverse (CaLD) communities.

The role of the Office of Multicultural Interests is to highlight the benefits of multiculturalism and respond to the challenges this presents. It does this through its work in supporting the development of State Government policies and programs to promote multiculturalism and improve services to Western Australians from diverse cultural, linguistic and religious backgrounds. The full potential of the benefits and dividends back to business and the community from migration are often unrealised.

The Office provides strategic leadership on multiculturalism within the public sector, to the Western Australian community and the business sector - creating partnerships for a more inclusive and productive society.

The work of the office is guided by the State Government's Multicultural Strategic Plan 2009-2013 which includes a clear vision and three key objectives:

- |                      |  |
|----------------------|--|
| <b>Participation</b> | Full participation of CaLD communities in social, economic and cultural life.  |
| <b>Equity</b>        | Remove the barriers to equity experienced by CaLD communities.                 |
| <b>Promotion</b>     | Promote the benefits of Western Australia's cultural and linguistic diversity. |

These objectives are implemented in three priority areas: the Western Australian public sector, CaLD communities and the broader Western Australian community.

**In the public sector, the Office has:**

- Facilitated CaLD engagement in government decision-making processes, policies and programs
- Supported the public sector to achieve substantive equality for people of CaLD backgrounds
- Developed policies and supported programs to increase cross-cultural awareness and counter racism.

4 Source: Australia Bureau of Statistics



## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

The Office assists CaLD communities through strategic partnerships and projects with the wider Western Australian community and other public sector agencies. Some of these include:

**Interagency Settlement Group** – Established in August 2009 in collaboration with the Commonwealth Department of Immigration and Citizenship to improve coordination between the Commonwealth and the State Government in the provision of settlement services to humanitarian entrants.

The Interagency Settlement Group has coordinated the first stocktake of programs and services available to migrants and humanitarian entrants in Western Australia and has also developed a draft Action Plan for its future work. This will be forwarded to the Minister for Citizenship and Multicultural Interests and the Commonwealth Minister for Immigration and Citizenship once endorsed.

**Western Australian Language Services Policy 2008** – The Policy reflects the State Government's commitment to provide accessible services to all Western Australians through ensuring effective communication between government agencies and their clients. To ensure consistency with the Language Services Policy, the Office has provided advice to other agencies in the development of their agency-specific language services policies.

Following the launch in 2010 of the revised Western Australian Interpreter Card and supporting brochures, the Office conducted a survey of public sector agencies to monitor the level of awareness of the Language Services Policy and its implementation. A review of the policy's implementation across the public sector has since commenced with a discussion paper completed in June 2011 and consultation forums planned for July 2011.

**Western Australian Implementing the Principles of Multiculturalism Locally Guide** – This Guide and the Multicultural Planning Framework were launched at the Western Australian Local Government Association conference in August 2010. Since its launch the guide has been a valuable resource for local governments across the State.

**Western Australian CaLD Across-Government Network (WACAN)** – A review and amendment of the terms of reference of the WACAN was conducted. As a result membership was extended to additional State Government agencies including the Departments of Transport, Commerce (Labour Relations) and Corrective Services.

**Cultural Competence Training package for the Public Sector** – The development of an introductory cultural competency training package for use across the public sector has continued and is near completion. Executive support was provided to a reference group comprising representatives from Transcultural Mental Health, Mental Health Commission, Public Sector Commission and the Department of Local Government.

**Multicultural Advisory Group** – Support was provided to the Minister for Citizenship and Multicultural Interests' Multicultural Advisory Group. In 2010-2011 the Office continued engagement with members and as part of the Community Engagement Strategy undertook research and provided advice to the Multicultural Advisory Group on agenda issues.

**Accommodating Everyone Working Group** – The Office in conjunction with the Equal Opportunity Commission (EOC) established the Accommodating Everyone Working Group to facilitate implementation of the recommendations of the EOC report *Accommodating Everyone*. This inquiry examined whether people from culturally and linguistically diverse backgrounds and Aboriginal people were being discriminated against in the private rental market. Approximately 80% of the recommendations have been addressed.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

**Strategic Advice, Briefings and Submissions** – The Office provided 604 ministerial briefings and responded to 129 email requests for advice and information by members of the public and government and non-government organisations.

Strategic advice and information was also provided to a range of public sector agencies including:

- Water Corporation – train-the-trainer package developed by Water Corporation, Synergy and Alinta.
- Department of Training and Workforce Development – creation of a new CaLD Training Award as part of the Western Australian Training Awards for 2011.

The Office also provided submissions to a number of Commonwealth and State Government inquiries, reports and discussion papers having implications for services and policies which impact on CaLD communities.

### **At the community level, the Office has:**

- Provided CaLD communities with the information, skills and opportunities to support settlement, integration and citizenship
- Undertaken research, consultation, and partnerships to identify, address and advocate the needs of CaLD communities
- Supported projects, programs and events that promote multiculturalism and engage all Western Australians.

**Community Engagement Strategy** – In 2010-2011, the Office continued to implement a state-wide Community Engagement Strategy to ensure CaLD communities were consulted and empowered to provide input into State Government policies and programs. The strategy was evaluated and the outcomes provided the basis for the 2011-2012 strategy.

The key outcomes were:

- Raising the profile of the Strategic Plan and its outcomes
- Building strategic partnerships with public sector and community organisations
- Examining issues on behalf of community groups with Government agencies
- Providing follow-up information on actions in response to issues raised
- Developing new networks and potential for future partnerships
- Facilitating, supporting and strengthening CaLD community capacity building.

Activities included:

- Community consultations and roundtables held state-wide focusing on regional issues, supporting families, issues affecting CaLD communities and disengagement of CaLD youth
- Partnerships with key government agencies and local governments
- Discussion papers and reports distributed to all partners and participants and published on the Office of Multicultural Interests website.

Feedback after the consultations and roundtables indicated that 93% of participants found them to be 'excellent' or 'good'. Strong media coverage through regional collaborations raised the awareness of CaLD community needs within regional Western Australia. The success of the Community Engagement Strategy has led to a new demand for the Office's consultation services from local governments and public sector agencies and it is expected this will continue in 2011-2012.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)

**Ethnic Organisations Fund** – In 2009, the inaugural recipients of three year funding were:

- Coalition for Asylum Seekers, Refugees and Detainees  
'The Welcome Project' – homework, English language and generalist support for clients from refugee backgrounds.
- The Edmund Rice Centre  
'Language for Living in Australia Project' – an English language curriculum and program for adult humanitarian entrants, job search classes, cultural diversity training, addressing barriers through networks and referrals.
- Metropolitan Migrant Resource Centre  
'Community Capacity Building for CaLD Communities' – governance and leadership training for community leaders, community consultations, information and referrals, cross-cultural training and generalist support.

All project milestones have been met with significant benefits to CaLD participants being reported.

**Community Grants Program** – The Office administers a Community Grants Program (CGP) of \$250,000 annually for CaLD community groups and non-government organisations in Western Australia. Funded projects address issues including employment, health, mental health, youth, seniors, leadership, skills development and capacity building.

In 2010-2011 the CGP funded 28 projects in metropolitan (24) and regional (4) Western Australia. Funding supported the following communities: Ethiopian, Thai, Karen, Sri Lankan, Italian and community-based multicultural programs. In comparison with last financial year, funding to regional projects increased. To raise awareness of the program and improve grant application skills, thirteen meetings were held with community groups and non-government organisations and 38 community members attended two grants workshops. The average funding requested each round (four rounds each year) was \$294,100.

**At the State level, the Office has:**

- Facilitated strategic partnerships between CaLD communities, peak industry bodies, and trade and consular sectors to enhance social and economic outcomes
- Recognised the achievements of CaLD communities and their contribution to the State
- Promoted cultural diversity as an international, economic, social and cultural asset for Western Australia.

**Harmony Week 2011** – Harmony Week continued to be a success in 2011 with local governments, business, community groups and schools amongst strong supporters of the initiative. The large number of community events and anecdotal information about the level of public participation in Harmony Week initiatives indicates that Harmony Week is an important date in the community calendar.

The level of self-generated media by community organisations, local governments and schools is an indication of the continued positive support for Harmony Week. Local government was a significant participant in Harmony Week, including particularly strong support from the cities of Stirling, Wanneroo, Armadale, Melville, Geraldton-Greenough and Swan, shires of Katanning and Roebourne and Town of Victoria Park. In the Shire of Katanning alone, more than 2,500 people attended a Harmony Week festival.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS (CONTINUED)



Left: Winners and guests at the Multicultural Community Service Awards 2011 pictured with Hon John Castrilli MLA, Minister for Citizenship and Multicultural Interests.



Right: Shire of Katanning representative Dean Taylor, Chief Executive Officer, receives the Implementing Multiculturalism Locally Award – Organisation Category 2011 from Hon John Castrilli MLA, Minister for Citizenship and Multicultural Affairs.

**Multicultural Community Service Awards** – The Multicultural Community Service Awards were held in March 2011 as the launch event for Harmony Week. The awards were highly successful, with more applications received than in any previous year. The awards evening was attended by around 200 people and received positive feedback from attendees and the award nominees and recipients.

**Celebrate WA and Australia Day Council** – Funding was provided to Celebrate WA and the Australia Day Council to support civic development, participation and contribution to public life in Western Australia. The funding is also provided for promotion of the State and its people and a positive social environment in which all Western Australians can achieve their potential.

Celebrate WA programs include WA Week, Gunfire Grants and WA Citizen of the Year Award. Australia Day Council programs include Western Australian of the Year, Premier's Australia Day Active Citizen Awards, Great Australians, Australia Day and Aussie of the Month.

**New Office of Multicultural Interests Website** – A new website was launched by the Minister in February 2011. The website includes a number of new features which make it a one-stop shop for multicultural information. Features of the site include the 'Community News' and 'Community Events' sections, and details of ethnic organisations and groups in Western Australia.

The events calendar has received a very positive response since its launch. Events that have been submitted vary, and have ranged from multicultural movie nights, fairs and celebrations to CaLD carers groups, consultations and education seminars.

The new website has proven particularly useful in promoting Harmony Week events and opportunities for CaLD community to engage with government and non-government organisations. The average number of visitors to the website per day is currently around 485.

# Significant Issues Impacting the Agency

## LOCAL GOVERNMENT

The effectiveness of local government in Western Australia is constrained by historical boundaries and structures, and fragmented and duplicated systems. This results in inefficiencies and lost opportunities for government, business and communities. It has also resulted in a number of small local governments with weak rate bases that have become heavily grant dependent.

Reports over the last five years have identified the need for local government reform. To address this need, the Department commenced implementing the Local Government Reform Strategy which aims at:

- creating fewer but stronger local governments
- building a local government sector with the capacity to operate at best practice levels
- delivering optimal services to communities throughout Perth and regional Western Australia.

Capacity building initiatives such as the Integrated Planning Framework have been critical to achieve results within the sector providing local governments with the opportunity to assess their long term sustainability. Whilst there are new infrastructure funding opportunities from both the Commonwealth and State Governments, there are also major workforce and capacity challenges facing the sector as it competes with the resources sector to attract and retain the required specialist personnel during a time of rapid economic growth.

In June 2011, the Minister announced the appointment of the Perth Metropolitan Review Panel who will be responsible for recommending appropriate structural reform within the metropolitan area. The Panel's report is expected to the Minister by June 2012.

The impending transfer of responsibility for local government services in remote Indigenous communities from the Commonwealth Government to local governments is providing a range of planning, funding and service coordination challenges. The Department is scoping and costing these services as part of the planning phase. A number of different models may be needed to deliver services, recognising the diversity in size, location, social capacity and economic sustainability of these communities.

## MULTICULTURAL INTERESTS

Western Australia is one of the most internationally connected of all Australia states – with more than 27% of Western Australians born overseas. Cultural and linguistic diversity contributes significantly to the State's economic growth, cultural networks and social capital. This diversity will be reinforced through the skilled migration program, family reunions and the State's intake of Australia's humanitarian entrants. The scale and rate of the State's diverse population growth will bring numerous economic, social and cultural benefits and opportunities, and a range of challenges for policy development, service delivery and social cohesion.



## SIGNIFICANT ISSUES IMPACTING THE AGENCY (CONTINUED)

Many people from culturally and linguistically diverse backgrounds may face systemic barriers in accessing equitable services. These barriers restrict the capacity of individuals to settle successfully, gain employment and participate fully in Western Australia's society. The Office of Multicultural Interests works with Government agencies to ensure that services are culturally appropriate and responsive to the needs of all community members.

The Office provides leadership on multiculturalism and engages with the public sector, the Western Australian community and businesses to create partnerships for an inclusive and productive society.

Multiculturalism has recently become a more contested area of public policy. The Office of Multicultural Interests advocates a systemic, practical approach to policy development, service reform, monitoring and evaluation in order to maintain the State's reputation as an inclusive and cohesive society.

A key challenge is that the multicultural policy response needs to be embraced by all Western Australians to foster a genuine sense of collective ownership.

# Independent Audit Opinion



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### DEPARTMENT OF LOCAL GOVERNMENT

#### Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Local Government.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

#### *Director General's Responsibility for the Financial Statements*

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Local Government at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

**Department of Local Government****Report on Controls**

I have audited the controls exercised by the Department of Local Government. The Director General is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Director General based on my audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In my opinion, the controls exercised by the Department of Local Government are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

**Report on the Key Performance Indicators**

I have audited the key performance indicators of the Department of Local Government. The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In my opinion, the key performance indicators of the Department of Local Government are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2011.

**Independence**

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.



COLIN MURPHY  
AUDITOR GENERAL  
15 September 2011



# Financial Statements Disclosures and Legal Compliance –

For the Year Ended 30 June 2011

## CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of Department of Local Government have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2011 and the financial position as at 30 June 2011.

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



Les Nagy  
**Chief Finance Officer**

10 August 2011



Jennifer Mathews  
**Accountable Authority**

10 August 2011

## FINANCIAL STATEMENTS (CONTINUED)

## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2011

	Note	2011 \$000	2010 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6	11,642	10,815
Supplies and services	7	2,908	3,345
Depreciation and amortisation expense	8	49	72
Accommodation expenses	9	1,509	1,791
Grants and subsidies	10	11,978	8,734
Loss on disposal of non-current assets	11	-	1
<b>Total cost of services</b>		<b>28,086</b>	<b>24,758</b>
<b>Income</b>			
<b>Revenue</b>			
Commonwealth grants and contributions	12	1,477	197
Other grants and contributions	13	-	138
User charges and fees	14	13	9
Other revenue	15	353	62
<b>Total revenue</b>		<b>1,843</b>	<b>406</b>
<b>Total income other than income from State Government</b>		<b>1,843</b>	<b>406</b>
<b>NET COST OF SERVICES</b>		<b>26,243</b>	<b>24,352</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation	16	20,045	16,810
Royalties for Regions		6,610	6,175
Resources received free of charge		363	327
<b>Total income from State Government</b>		<b>27,018</b>	<b>23,312</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>		<b>775</b>	<b>(1,040)</b>
<b>Other comprehensive income</b>			
		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>775</b>	<b>(1,040)</b>

Refer to the 'Schedule of Income and Expenses by Service'.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

For the Year Ended 30 June 2011

	Note	2011 \$000	2010 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	27	18,641	16,665
Restricted cash and cash equivalents	17	3,916	27,953
Receivables	18	801	1,660
Amounts receivable for services	19	103	103
<b>Total Current Assets</b>		<b>23,461</b>	<b>46,381</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	17	240	143
Amounts receivable for services	19	488	531
Property, plant and equipment	20	45	75
Intangible assets	21	24	30
<b>Total Non-Current Assets</b>		<b>797</b>	<b>779</b>
<b>TOTAL ASSETS</b>		<b>24,258</b>	<b>47,160</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	23	4,387	28,507
Provisions	24	2,535	2,010
Other Current Liabilities	25	5	-
<b>Total Current Liabilities</b>		<b>6,927</b>	<b>30,517</b>
<b>Non-Current Liabilities</b>			
Provisions	24	330	379
<b>Total Non-Current Liabilities</b>		<b>330</b>	<b>379</b>
<b>Total Liabilities</b>		<b>7,257</b>	<b>30,896</b>
<b>NET ASSETS</b>		<b>17,001</b>	<b>16,264</b>
<b>EQUITY</b>			
Contributed equity	26	-	-
Accumulated surplus		17,001	16,264
<b>TOTAL EQUITY</b>		<b>17,001</b>	<b>16,264</b>

Refer to the 'Schedule of Assets and Liabilities by Service'.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

## FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2011

	Note	Contributed equity	Accumulated surplus/ (deficit)	Total equity
		\$000	\$000	\$000
<b>Opening balance at 1 July 2009</b>	26	599	47,212	47,811
Total Comprehensive income for the year		-	(1,040)	(1,040)
Transactions with owners in their capacity as owners:				
Distributions to owners		(30,507)	-	(30,507)
Transfer to accumulated surplus		29,908	(29,908)	-
<b>Total</b>		-	16,264	16,264
<b>Balance at 30 June 2010</b>		-	16,264	16,264
<b>Opening balance at 1 July 2010</b>	26	-	16,264	16,264
Total Comprehensive income for the year		-	775	775
Transactions with owners in their capacity as owners:				
Distributions to owners		(38)	-	(38)
Transfer to accumulated surplus		38	(38)	-
<b>Total</b>		-	17,001	17,001
<b>Balance at 30 June 2011</b>		-	17,001	17,001

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2011

	Note	2011 \$000	2010 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		19,985	16,771
Holding account drawdown		103	103
Royalties for Regions fund		6,610	6,175
Distribution of cash to owners		(20,785)	(8,756)
<b>Net cash provided by State Government</b>		<b>5,913</b>	<b>14,293</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(10,783)	(11,620)
Supplies and services		(3,037)	(3,335)
Accommodation		(1,509)	(1,786)
Grants and subsidies		(13,894)	(32,771)
GST payments on purchases		(1,834)	(3,720)
<b>Receipts</b>			
Other receipts		370	718
Receipts from Commonwealth		1,549	187
GST receipts from Australian Taxation Office		1,091	15,591
GST receipts on sales		176	112
<b>Net cash provided by/(used in) operating activities</b>	27	<b>(27,871)</b>	<b>(36,624)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(6)	(52)
<b>Net cash provided by/(used in) investing activities</b>		<b>(6)</b>	<b>(52)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(21,964)</b>	<b>(22,383)</b>
Cash and cash equivalents at the beginning of period		44,761	67,144
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>		<b>22,797</b>	<b>44,761</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

## SCHEDULE OF INCOME AND EXPENSES BY SERVICE

For the Year Ended 30 June 2011

	Build the Strategic Capability of the Local Government Sector		Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation		Promotion and Support of Multiculturalism in Western Australia		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>COST OF SERVICES</b>								
<b>Expenses</b>								
Employee benefits expense	3,969	4,054	5,090	4,225	2,583	2,536	11,642	10,815
Supplies and services	1,274	1,215	1,086	1,128	548	1,002	2,908	3,345
Depreciation and amortisation expense	16	20	22	38	11	14	49	72
Accommodation expenses	484	440	686	793	339	558	1,509	1,791
Grants and subsidies	10,916	7,641	80	8	982	1,085	11,978	8,734
Other expenses	-	-	-	1	-	-	-	1
<b>Total cost of services</b>	<b>16,659</b>	<b>13,370</b>	<b>6,964</b>	<b>6,193</b>	<b>4,463</b>	<b>5,195</b>	<b>28,086</b>	<b>24,758</b>
<b>Income</b>								
<b>Revenue</b>								
Commonwealth grants and contributions	1,352	-	125	197	-	-	1,477	197
Other grants & contributions	-	-	-	38	-	100	-	138
User charges and fees	-	-	13	9	-	-	13	9
Other revenue	112	3	170	23	71	36	353	62
<b>Total income other than income from State Government</b>	<b>1,464</b>	<b>3</b>	<b>308</b>	<b>267</b>	<b>71</b>	<b>136</b>	<b>1,843</b>	<b>406</b>
<b>NET COST OF SERVICES</b>	<b>15,195</b>	<b>13,367</b>	<b>6,656</b>	<b>5,926</b>	<b>4,392</b>	<b>5,059</b>	<b>26,243</b>	<b>24,352</b>
<b>Income from State Government</b>								
Service appropriation	6,453	4,804	9,096	8,618	4,496	3,388	20,045	16,810
Royalties for Regions Fund	2,122	1,758	3,004	3,170	1,484	1,247	6,610	6,175
Resources received free of charge	131	93	155	168	77	66	363	327
<b>Total income from State Government</b>	<b>8,706</b>	<b>6,655</b>	<b>12,255</b>	<b>11,956</b>	<b>6,057</b>	<b>4,701</b>	<b>27,018</b>	<b>23,312</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>(6,489)</b>	<b>(6,712)</b>	<b>5,599</b>	<b>6,030</b>	<b>1,665</b>	<b>(358)</b>	<b>775</b>	<b>(1,040)</b>

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

## SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE

For the Year Ended 30 June 2011

	Build the Strategic Capability of the Local Government Sector		Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation		Promotion and Support of Multiculturalism in Western Australia		General - Not Attributed		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>Assets</b>										
Current assets	278	297	391	174	235	37	22,557	45,873	23,461	46,381
Non-current assets	178	226	251	397	128	156	240	-	797	779
<b>Total assets</b>	456	523	642	571	363	193	22,797	45,873	24,258	47,160
<b>Liabilities</b>										
Current Liabilities	1,100	6,196	1,203	1,383	652	574	3,972	22,364	6,927	30,517
Total non-current liabilities	131	111	149	187	50	81	-	-	330	379
<b>Total liabilities</b>	1,231	6,307	1,352	1,570	702	655	3,972	22,364	7,257	30,896
<b>NET ASSETS</b>	(775)	(5,784)	(710)	(999)	(339)	(462)	18,825	23,509	17,001	16,264

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

## FINANCIAL STATEMENTS

## SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES

For the Year Ended 30 June 2011

	2011	2011		2011	2010	
	Estimate	Actual	Variance	Actual	Actual	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
<b>DELIVERY SERVICES</b>						
Item 99 Net amount appropriated to deliver services	21,290	19,801	(1,489)	19,801	16,586	3,215
Section 25 transfer of service appropriation	-	-	-	-	-	-
Royalties for Regions Fund	4,890	6,610	1,720	6,610	6,175	435
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	243	244	1	244	224	20
<b>Total appropriations provided to deliver services</b>	<b>26,423</b>	<b>26,655</b>	<b>232</b>	<b>26,655</b>	<b>22,985</b>	<b>3,670</b>
<b>ADMINISTERED TRANSACTIONS</b>						
Item 100 Administered grants, subsidies and other transfer payments	250	250	-	250	250	-
<b>Total Administered Transactions</b>	<b>250</b>	<b>250</b>	<b>-</b>	<b>250</b>	<b>250</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>26,673</b>	<b>26,905</b>	<b>232</b>	<b>26,905</b>	<b>23,235</b>	<b>3,670</b>
<b>DETAILS OF EXPENSES BY SERVICE</b>						
Build the Strategic Capability of the Local Government Sector	17,222	16,659	(563)	16,659	13,370	3,289
Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation	5,895	6,964	1,069	6,964	6,193	771
Promotion and Support of Multiculturalism in WA	5,208	4,463	(745)	4,463	5,195	(732)
<b>Total Cost of Services</b>	<b>28,325</b>	<b>28,086</b>	<b>(239)</b>	<b>28,086</b>	<b>24,758</b>	<b>3,328</b>
Less: total income	205	(1,843)	(1,638)	(1,843)	(406)	(1,437)
<b>Net Cost of Services</b>	<b>28,120</b>	<b>26,243</b>	<b>(1,877)</b>	<b>26,243</b>	<b>24,352</b>	<b>1,891</b>
Adjustments	(1,697)	412	2,109	412	(1,367)	1,779
<b>Total appropriations provided to deliver services</b>	<b>26,423</b>	<b>26,655</b>	<b>232</b>	<b>26,655</b>	<b>22,985</b>	<b>3,670</b>
<b>CAPITAL EXPENDITURE</b>						
Purchase of non-current physical assets	103	6	(97)	6	52	(46)
Adjustment for other funding sources	(103)	(6)	97	(6)	(52)	46
<b>Capital appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DETAILS OF INCOME ESTIMATES</b>						
Income disclosed as Administered income	250	250	-	250	250	-

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.



# Notes to the Financial Statements

## DEPARTMENT MISSION AND FUNDING

The Department's mission is to provide an increased capacity for our multicultural communities to develop good government, economic growth, social well being and environmental sustainability.

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

## 1. AUSTRALIAN ACCOUNTING STANDARDS

### General

The Department's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Department has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

### Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Standards and Interpretations that have been issued or amended but not operative have been early adopted by the Department for the annual reporting period ended 30 June 2011.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) General Statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### (b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the Department's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed at note 4 'Key sources of estimation uncertainty'.

### (c) Reporting Entity

The reporting entity comprises Department of Local Government.

**Mission:** To build strong and sustainable communities

The Department is predominantly funded by Parliamentary appropriations.

### Services

The Department provides the following services:

**Service 1:** Build the Strategic Capability of the Local Government Sector

- Leading the local government public policy reform agenda to improve capability in the sector.

**Service 2:** Strengthen good governance in the Local Government Sector and provide Effective Regulation

- Supporting the local government sector to fulfil its statutory obligations.

**Service 3:** Promotion and Support of Multiculturalism in Western Australia

- Promote the ideals of multiculturalism to public sector agencies and the community. Develop and influence policies that reflect the principles of multiculturalism.

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the Department. These administered balances and transactions are not recognised in the principle financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 38 'Disclosure of administrated expenses and income' and note 39 'Administered assets and liabilities'.

### (d) Contributed Equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

Transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**(e) Income****Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major activities as follows:

*Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

*Provision of services*

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

*Service Appropriations*

Service Appropriations are recognised as revenues at nominal value 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 bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

*Net Appropriation Determination*

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2010-2011 Budget Statements, the Department retained \$1.843million in 2011 (\$0.406million in 2010) from the following:

- Proceeds from fees and charges;
- Commonwealth specific purpose grants and contributions; and
- Other departmental revenue.

*Grants, donations, gifts and other non-reciprocal contributions*

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners 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.

Royalties for Regions of funds are recognised as revenue at fair value in the period in which the Department obtains control over the funds. The Department obtains control of the funds at the time the funds are deposited in to the Department's bank account.

*Gains*

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

**(f) Property, plant and equipment and infrastructure****Capitalisation/Expensing of assets**

Items of property, plant and equipment and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

**Initial recognition and measurement**

All items of property, plant and equipment and infrastructure are initially recognised at cost.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

#### Subsequent measurement

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

#### Depreciation

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

Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Computer Hardware	3 years
Office Equipment	5 - 10 years
Plant and Machinery	5 - 10 years

### **(g) Intangible Assets**

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Licences up to 5 years

#### Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses

### **(h) Impairment of Assets**

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

**(i) Leases**

The Department holds operating leases for head office and a number of branch office buildings. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

**(j) Financial Instruments**

In addition to cash and bank overdraft, the Department has two categories of financial instrument:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Receivables
  - Amounts receivable from services
- Financial Liabilities
  - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

**(k) Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

**(l) Accrued Salaries**

Accrued salaries [refer to note 23 'Payables'] represent the amount due to staff but unpaid at the end of the financial year, as the pay date for last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The accrued salaries suspense account [refer to note 17 'Restricted cash and cash equivalents'] consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet an additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

**(m) Amounts receivable for services (Holding Account)**

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (holding account receivable) that is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

**(n) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

**(o) Payables**

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

**(p) Provisions**

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - Employee Benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*Long service leave*

The liability for long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

*Superannuation*

The Government Employees Superannuation Board (GESB) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Department to GESB extinguishes the agency's obligations to the related superannuation liability.

The Department has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Department to the GESB.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions - Other*Employment On-Costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**(q) Superannuation Expense**

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

**(r) Resources received free of charge or for nominal cost**

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from the Government in the Statement of Comprehensive Income.

**(s) Comparative Figures**

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

**3. JUDGEMENTS MADE BY MANAGEMENT IN APPLYING ACCOUNTING POLICIES**

The preparation of financial statements requires management to make judgements about the application of accounting policies that have significant effect on the amounts recognised in the financial statements. The Department evaluates these judgements regularly.

*Operating lease commitments*

The Department has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

**4. KEY SOURCES OF ESTIMATION UNCERTAINTY**

The Department makes key estimates and assumptions concerning the future. These estimates and assumptions are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

*Long Service Leave*

In calculating the Department's long service leave provision, several estimations and assumptions have been made. These include expected future salary rates, salary inflation, discount rates, employee retention rates and expected future payments. Any changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

**5. DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES****Initial application of an Australian Accounting Standard**

There has been no impact on the Department for any Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010.

**Future Impact of Australian Accounting Standards not yet operative**

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 '*Application of Australian Accounting Standards and Other Pronouncements*'. Consequently, the Authority has not applied early any following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Department plans to apply these Australian Accounting Standards from their application date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**AASB 2009-11** *Amendments to the Australia Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].*

The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect and financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.

The operative for reporting periods beginning on/after 1 Jan 2013.

**AASB 2009-12** *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]*

This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.

The operative for reporting periods beginning on/after 1 Jan 2011.

**AASB 1053** *Application of Tiers of Australian Accounting Standards*

This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.

The Standard does not have any financial impact on the Department. However it may affect disclosures in the financial statements of the Department if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.

The operative for reporting periods beginning on/after 1 July 2013.

**AASB 2010-2** *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*

This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.

The Standard is not expected to have any financial impact on the Department. However this Standard may reduce some note disclosures in financial statements of the Department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

The operative for reporting periods beginning on/after 1 July 2013.

**AASB 2010-5** *Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010)*

*This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements.*

*There is no financial impact resulting from the application of this revised Standard.*

*The operative for reporting periods beginning on/after 1 Jan 2011.*

**AASB 2010-6** *Transfers of Financial Assets [AASB 1 & AASB 7]*

This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.

The Standard is not expected to have any financial impact on the Department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

The operative for reporting periods beginning on/after 1 July 2011.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**AASB 9***Financial Instruments*

This Standard supersedes *AASB 139 Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments.

The Standard was reissued on 6 Dec 2010 and the Department is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.

The operative for reporting periods beginning on/after 1 Jan 2013.

**AASB 2010-7***Amendments to Australian Accounting Standards arising from AASB 9*

*(December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*

This Amending Standard makes consequential adjustments to other Standards as a result of issuing *AASB 9 Financial Instruments* in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.

The operative for reporting periods beginning on/after 1 Jan 2013.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011	2010
	\$000	\$000
<b>6. EMPLOYEE BENEFITS EXPENSE</b>		
Wages and salaries <sup>(a)</sup>	9,232	8,821
Superannuation – defined contribution plans <sup>(b)</sup>	964	900
Long service leave <sup>(c)</sup>	429	249
Annual leave <sup>(c)</sup>	872	725
Other related expenses	144	135
Employment on-costs <sup>(d)</sup>	1	(15)
	<b>11,642</b>	<b>10,815</b>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

(c) Includes a superannuation contribution component

(d) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included in note 24 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

**7. SUPPLIES AND SERVICES**

Consultants and contractors	1,390	1,865
Resources received free of charge	363	327
Travel	160	201
Printing and Advertising	139	96
Insurance	50	45
Repairs and maintenance	71	84
Communication	138	106
Consumables	156	156
Other	441	465
	<b>2,908</b>	<b>3,345</b>

**8. DEPRECIATION AND AMORTISATION EXPENSE**Depreciation

Office equipment and furniture	9	35
Computer Hardware	33	34
Plant and Machinery	1	-
<b>Total depreciation</b>	<b>43</b>	<b>69</b>

Amortisation

Intangible assets	6	3
<b>Total amortisation</b>	<b>6</b>	<b>3</b>
<b>Total depreciation and amortisation</b>	<b>49</b>	<b>72</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011 \$000	2010 \$000
<b>9. ACCOMMODATION EXPENSES</b>		
Lease rentals	1,501	1,776
Other	8	15
	<u>1,509</u>	<u>1,791</u>
<b>10. GRANTS AND SUBSIDIES</b>		
<u>Recurrent</u>		
Country Local Government Fund	5,809	4,605
Local Government Grants	5,004	2,502
Office of Multicultural Interests	977	1,055
Others	188	572
	<u>11,978</u>	<u>8,734</u>
<b>11. NET GAIN/(LOSS) ON DISPOSAL OF NON CURRENT ASSETS</b>		
Loss on disposal of assets	-	1
<b>12. COMMONWEALTH GRANTS AND CONTRIBUTIONS</b>		
Recurrent	<u>1,477</u>	<u>197</u>
<b>13. OTHER GRANTS AND CONTRIBUTIONS</b>		
Department of the Premier and Cabinet	-	100
Department of Planning and Infrastructure	-	38
	<u>-</u>	<u>138</u>
<b>14. USER CHARGES AND FEES</b>		
Scientific permits	<u>13</u>	<u>9</u>
<b>15. OTHER REVENUE</b>		
Other revenue	<u>353</u>	<u>62</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011 \$000	2010 \$000
<b>16. INCOME FROM STATE GOVERNMENT</b>		
Appropriation received during the year:		
Service appropriations <sup>(a)</sup>	20,045	16,810
Resources received free of charge <sup>(b)</sup>		
Determined on the basis of the following estimates provided by agencies:		
Crown Solicitors Office	363	327
Royalties for Regions Fund:		
- Country Local Government Fund <sup>(c)</sup>	6,610	6,175
	<b>27,018</b>	<b>23,312</b>

- (a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (b) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenue equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contributions of assets or services are in the nature of contributions by owners, the Department makes an adjustment directly to equity.
- (c) This is a sub-fund within the over-acting 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

**17. RESTRICTED CASH AND CASH EQUIVALENTS**Current

Royalties for Regions Fund <sup>(a)</sup>	3,907	5,940
Pending Section 21 transfer to Regional Development and Lands	-	22,001
Special purpose accounts (refer to Note 36 [Special purpose accounts])	9	12
	<b>3,916</b>	<b>27,953</b>

Non-current

Accrued salaries suspense account <sup>(b)</sup>	240	143
	<b>240</b>	<b>143</b>

- (a) These unspent funds are committed to projects and programs in WA regional areas.
- (b) Amount held in the suspense account is only to be used for the purpose of meeting the 27<sup>th</sup> pay in a financial year that occurs every 11 years.

**18. RECEIVABLES**Current

Receivables	362	1,621
GST receivable	439	39
<b>Total current</b>	<b>801</b>	<b>1,660</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011	2010
	\$000	\$000
<b>19. AMOUNT RECEIVABLE FOR SERVICES</b>		
Current	103	103
Non Current	488	531
	<u>591</u>	<u>634</u>

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability

**20. PROPERTY, PLANT AND EQUIPMENT**Computer Hardware

At cost	170	187
Accumulated depreciation	(155)	(147)
	<u>15</u>	<u>40</u>

Office equipment

At cost	170	125
Accumulated depreciation	(150)	(96)
	<u>20</u>	<u>29</u>

Plant and machinery

At cost	18	44
Accumulated depreciation	(8)	(38)
	<u>10</u>	<u>6</u>
	<u>45</u>	<u>75</u>

Reconciliation of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out in the table below.

	Computer Hardware	Office equipment	Plant and Machinery	Total
2011	\$000	\$000	\$000	\$000
Carrying amount at start of year	40	29	6	75
Additions	8	-	5	13
Other disposals				
Depreciation	(33)	(9)	(1)	(43)
<b>Carrying amount at end of year</b>	<b>15</b>	<b>20</b>	<b>10</b>	<b>45</b>
	Computer Hardware	Office equipment	Plant and Machinery	Total
2010	\$000	\$000	\$000	\$000
Carrying amount at start of year	67	74	-	141
Additions	7	12	6	25
Transfers <sup>(a)</sup>	-	(22)	-	(22)
Other disposals	-	-	-	-
Depreciation	(34)	(35)	-	(69)
<b>Carrying amount at end of year</b>	<b>40</b>	<b>29</b>	<b>6</b>	<b>75</b>

(a) This represents the transfer of office equipment to the Department of Regional Development and Lands during 2009-2010.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011	2010
	\$000	\$000
<b>21. INTANGIBLE ASSETS</b>		
<u>Licenses</u>		
At cost	33	33
Accumulated depreciation	(9)	(3)
	24	30
<u>Reconciliation:</u>		
Carrying amount at start of year	30	-
Additions	-	33
Other disposals	-	-
Amortisation	(6)	(3)
<b>Carrying amount at end of year</b>	<b>24</b>	<b>30</b>

**22. IMPAIRMENT OF ASSETS**

There were no indications of impairment to property, plant and equipment at 30 June 2011.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period, and at the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2011 have either been classified as assets held for sale or written-off.

**23. PAYABLES**Current

Trade payables	174	359
Accrued expenses	3,925	5,945
Cash balance payable to DRDL	-	22,001
Accrued salaries	266	188
Other	22	14
<b>Total current</b>	<b>4,387</b>	<b>28,507</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011 \$000	2010 \$000
<b>24. PROVISIONS</b>		
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave <sup>(a)</sup>	959	785
Long service leave <sup>(b)</sup>	1,366	1,064
	2,325	1,849
<i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	210	161
	2,535	2,010
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave <sup>(b)</sup>	300	353
<i>Other provisions</i>		
Employment on-costs <sup>(c)</sup>	30	26
	330	379
 (a) Annual leave liabilities have been classified as current as there is no conditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	633	477
More than 12 months after the reporting period	327	302
	960	779
 (b) Long service leave liabilities have been classified as current as there is no conditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	507	582
More than 12 months after the reporting period	1,159	835
	1,666	1,417
 (c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from unwinding of discount (finance cost), is disclosed in note 6 'Employee benefits expense'.		
 <b>Movements in other provisions</b>		
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<u>Employment on-cost provisions</u>		
Carrying amount at start of year	187	196
Additional provisions recognised	52	-
Payments/other sacrifices of economic benefit	-	(9)
Unwinding of the discount	-	-
<b>Carrying amount at end of year</b>	239	187

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011 \$000	2010 \$000
<b>25. OTHER CURRENT LIABILITIES</b>		
Unearned Revenue	5	-
<b>26. EQUITY</b>		
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.		
<b>Contributed equity</b>		
Balance at start of period	-	599
<b>Distributions to owners</b>		
Transfer of net assets to other agencies	(38)	(30,507)
Transfer from accumulated surplus	38	29,908
<b>Balance at end of period</b>	-	-
<b>Accumulated surplus/(deficit)</b>		
Balance at start of year	16,264	47,212
Transfer to contributed equity	(38)	(29,908)
Result for the period	775	(1,040)
<b>Balance at end of period</b>	17,001	16,264
<b>Total equity at end of period</b>	17,001	16,264

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011 \$000	2010 \$000
<b>27. NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	18,639	16,663
Cash on hand	2	2
Restricted cash and cash equivalents	4,156	28,096
[Refer to note 17 'Restricted cash and cash equivalents']		
	<u>22,797</u>	<u>44,761</u>
<b>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
Net cost of services	(26,243)	(24,352)
<u>Non-cash items:</u>		
Depreciation and amortisation expense (note 8)	49	72
Resources received free of charge (note 16)	363	327
<u>(Increase)/decrease in assets:</u>		
Current receivables <sup>(c)</sup>	39	(787)
<u>Increase/(decrease) in liabilities:</u>		
Current payables <sup>(c)</sup>	(2,147)	(23,414)
Current provisions	525	(96)
Other liabilities	5	(418)
Non-current provisions	(49)	(424)
Net GST receipts <sup>(a)</sup>	(400)	11,983
Change in GST in receivables/payables <sup>(b)</sup>	(13)	485
<b>Net cash provided by/(used in) operating activities</b>	<u>(27,871)</u>	<u>(36,624)</u>
 (a) This is net GST paid/received ie. Cash transactions.		
(b) This reverses out the GST in receivables and payables.		
(c) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect to sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.		
<b>28. RESOURCES PROVIDED FREE OF CHARGE</b>		
During the year resources from Records Management and Information Technology were provided to the Department of Regional Development and Lands free of charge.-.	169	-

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011	2010
	\$000	\$000
<b>29. COMMITMENTS</b>		
The commitments below are inclusive of GST.		
<b>Lease commitments</b>		
Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:		
Within 1 year	1,413	1,421
Later than 1 year not later than 5 years	5,779	2,715
Later than 5 years	15,619	-
	<u>22,811</u>	<u>4,136</u>
Representing:		
Cancellable operating leases	151	199
Non-cancellable operating leases	22,660	3,937
	<u>22,811</u>	<u>4,136</u>

**30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS****Contingent liabilities**

In addition to the assets and liabilities included in the financial statements, the Department has no contingent assets or liabilities as at 30 June 2011.

**31. INDIAN OCEAN TERRITORIES**

The Agreement, pursuant to Section 23 of the Financial Management 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 Services. Moneys received by the Department in respect of the services provided shall be credited to the Department's operating account.

Opening balances	42	(11)
Plus: Gross revenues	125	197
	<u>167</u>	<u>186</u>
Less: Gross expenditures	(116)	(144)
Closing balances	<u>51</u>	<u>42</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 32. EXPLANATORY STATEMENT

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below: Significant variations are considered to be those greater than 10% or \$100,000.

	2011 Estimate	2011 Actual	Variance
	\$000	\$000	\$000
<b>Significant variances between estimate and actual for 2011</b>			
Total appropriations provided to deliver services:			
Total appropriations provided to deliver services for the year	21,533	20,045	(1,488) <sup>(a)</sup>
Royalties for Regions	4,890	6,610	1,720 <sup>(b)</sup>
Build the Strategic Capability of the Local Government Sector	17,222	16,659	(563) <sup>(c)</sup>
Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation	5,895	6,964	1,069 <sup>(d)</sup>
Promotion and Support of Multiculturalism in Western Australia	5,208	4,463	(745) <sup>(e)</sup>
	28,325	28,086	(239)

(a) The variance is due in the main to lower than anticipated amalgamation activity and transferring of the Integrated Service Centre function.

(b) The variance is due to the non-recurrent allocation in 2011-2011 associated with expenditure carried over from 2008-2009.

(c) This variance represents the lower activity associated with amalgamations proceeding.

(d) The variance represents a higher level of governance and compliance and investigations activity than originally estimated.

(e) The variance is due in the main to the transfer of the Integrated Service Centre function.

	2011 Actual	2010 Actual	Variance
	\$000	\$000	\$000
<b>Significant variances between actual results for 2010 and 2011</b>			
Total appropriations provided to deliver services:			
Total appropriations provided to deliver services for the year	20,045	16,810	3,235 <sup>(a)</sup>
Royalties for Regions	6,610	6,175	(435) <sup>(b)</sup>
Build the Strategic Capability of the Local Government Sector	16,659	13,370	3,289 <sup>(c)</sup>
Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation	6,964	6,193	771 <sup>(d)</sup>
Promotion and Support of Multiculturalism in Western Australia	4,463	5,195	(732) <sup>(e)</sup>
	28,086	24,758	3,328

(a) The variance is due in the main to an increase in Local Government reform funding.

(b) The variance is due to the non recurrent allocation in 2009-2010 associated with recoup of expenditure incurred on behalf of the Department of Regional Development and Lands.

(c) The variance is due in the main to an increase in funding for the State Government's local government reform agenda.

(d) The variance is due in the main to higher level of compliance and investigation activities.

(e) The variance is due in the main to the transfer of the Integrated Service Centres function.

### 33. FINANCIAL INSTRUMENTS

#### (a) Financial risk management objective and policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, finance leases, Treasurer's advances, receivables and payables. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

##### Credit risk

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department.

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at note 33(c) 'Financial instruments disclosures' and note 18 'Receivables'.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. At the end of reporting period there were no significant concentrations of credit risk.

##### Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department is exposed to liquidity risk through its trading in the normal course of business.

The Department has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

##### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks. The Department is not exposed to market risk for changes in interest rates.

The Department is not exposed to interest rate risk because all cash and cash equivalents and restricted cash are non-interest bearing and the Department does not have any borrowings.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**33. FINANCIAL INSTRUMENTS CONTINUED****(b) Categories of financial instruments**

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2011 \$000	2010 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	18,641	16,665
Restricted cash and cash equivalents	4,156	28,096
Loans and receivables(a)	953	2,255
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	4,392	28,507

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable)

**(c) Financial instruments disclosures**Credit risk and interest rate exposures

The following table disclose the Department's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Department.

The Department does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

The Department does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

**Interest rate exposures and ageing analysis of financial assets**

	NON- INTEREST BEARING \$000
2011	
<u>Financial Assets</u>	
Cash and cash equivalents	18,641
Restricted cash and cash equivalents	4,156
Receivables(a)	362
Amounts receivable for services	591
	<u>23,750</u>

a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 33. FINANCIAL INSTRUMENTS CONTINUED

	NON-INTEREST BEARING
	\$000
<u>2010</u>	
<i>Financial Assets</i>	
Cash and cash equivalents	16,665
Restricted cash and cash equivalents	28,096
Receivables <sup>(a)</sup>	1,621
Amounts receivable for services	634
	<u>47,016</u>
 (a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable)	
<u>2011</u>	
<i>Financial Liabilities:</i>	
Payables	4,387
Other Current Liabilities	5
	<u>4,392</u>
 <u>2010</u>	
<i>Financial Liabilities:</i>	
Payables	28,507
	<u>28,507</u>

There is no amount past due but not impaired.

The payables are interest free and due for maturity within 3 months from year end.

*Fair Values*

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

*Interest rate sensitivity analysis*

The Department is not required to conduct an analysis as it has no interest bearing assets or liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**34. REMUNERATION OF SENIOR OFFICERS**

The number of senior officers on Corporate Executive during the financial year whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

No of Officers				
			2011 No.	2010 No.
			2011 \$000	2010 \$000
\$	\$			
20,001	-	30,000	-	1
30,001	-	40,000	-	2
50,001	-	60,000	-	1
70,001	-	80,000	-	1
100,001	-	110,000	-	1
120,001	-	130,000	-	2
160,001	-	170,000	2	-
170,001	-	180,000	2	-
250,001	-	260,000	-	1
260,001	-	270,000	1	-
<b>Total remuneration of senior officers</b>			943	831

The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers.

No senior officers are members of the Pension Scheme.

	2011 \$000	2010 \$000
<b>35. REMUNERATION OF AUDITOR</b>		
Remuneration payable to the Auditor General in respect to the audit for the current financial years is as follows:		
Auditing the accounts, financial statements and performance indicators	46	47

**36. SPECIAL PURPOSE ACCOUNTS****Special Purpose Account – section 16 (1)(c) of FMA**Local Government Scholarship Scheme Trust Fund

The purpose of the trust account is to hold funds for the purpose of awarding scholarships to local government officers for attendance at the managerial study courses.

Balance at the start of the year	12	15
Receipts	25	25
Payments	(28)	(28)
<b>Balance at the end of the year</b>	<b>9</b>	<b>12</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011	2010
	\$000	\$000

**37. SUPPLEMENTARY FINANCIAL INFORMATION****(a) Write-offs**

There were no amounts written off during the financial year.

**38. ADMINISTERED EXPENSES AND INCOME BY SERVICE**

	Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>COST OF SERVICES</b>				
<u>Expenses:</u>				
Grants and subsidies	250	250	250	250
<u>Total administered Expenses</u>	250	250	250	250
<b>INCOME</b>				
Appropriation	250	250	250	250
<u>Total administered Income</u>	250	250	250	250

	2011 \$000	2010 \$000
<b>39. ADMINISTERED ASSETS AND LIABILITIES</b>		
<u>Current Assets</u>		
Restricted cash and cash equivalents	-	3,784
<b>Total administered Current Assets</b>	-	3,784
<b>TOTAL ADMINISTERED ASSETS</b>	-	3,784
<u>Current Liabilities</u>		
Other payables	-	3,784
<b>Total administered Current Liabilities</b>	-	3,784
<b>TOTAL ADMINISTERED LIABILITIES</b>	-	3,784

**40. EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD**

There are no events occurring after the Statement of Financial Position date that the Department is aware of as at the date of this report.

# Key Performance Indicators

## CERTIFICATION OF KEY PERFORMANCE INDICATORS

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Local Government's performance, and fairly represent the performance of the Department of Local Government for the financial year ended 30 June 2011.



Jennifer Mathews  
**DIRECTOR GENERAL**  
10 August 2011

## KEY PERFORMANCE INDICATORS

## RELATIONSHIP TO GOVERNMENT GOALS

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's services and desired outcomes, and the government goals they contribute to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goals	Desired Outcomes	Services
Stronger Focus on the Regions: Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.	To build the capability of the Local Government sector to deliver economic and social services to communities.	1. Build the Strategic Capability of the Local Government Sector 2. Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation
Results-Based Service Delivery: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	A Western Australian public sector which recognises that Western Australians play a significant role in setting policies that shape their society.	3. Promotion and Support of Multiculturalism in Western Australia

## OUTCOMES AND EFFECTIVENESS INDICATORS

	2010-2011 Target	2010-2011 Actual	Variation
<b>Outcome: To build the capacity of the local government sector to deliver economic and social services to communities.</b>			
Key Effectiveness Indicators:			
<ul style="list-style-type: none"> <li>Improvement in local government capability in fulfilling their responsibilities to communities<sup>5</sup> <ul style="list-style-type: none"> <li>Capability by individual local government</li> <li>Capability across all criteria</li> </ul> </li> </ul>	65	1.4% 33.8%	See note 3
<ul style="list-style-type: none"> <li>Stakeholder satisfaction rating with the services provided by the Department to build capability in local government.</li> </ul>	80%	79%	See note 3

5 The Capability Index shows individual local governments meeting all minimum baseline measures as well as the average capability across all criteria for the sector. The difference between 2010-2011 target and actual reflects the implementation of the new Integrated Planning framework.

<b>Outcome: A Western Australian public sector which recognises that Western Australians play a significant role in setting policies that shape their society.</b>			
Key Effectiveness Indicators:			
<ul style="list-style-type: none"> <li>Extent to which the principles of multiculturalism are accepted and practised in Western Australia.</li> </ul>	65%	43%	See note 3
<ul style="list-style-type: none"> <li>Extent to which policies and practices of public sector agencies reflect the principles of multiculturalism.</li> </ul>	75%	66%	See note 3

Note 3 – The difference between 2010-2011 target and actual figures reflects a change in the survey questions to focus on the Office of Multicultural Interests' Strategic Plan and an increase in 'neutral' responses. These indicators are new, therefore no trend analysis is provided.

## EFFECTIVENESS MECHANISM – CAPABILITY INDEX

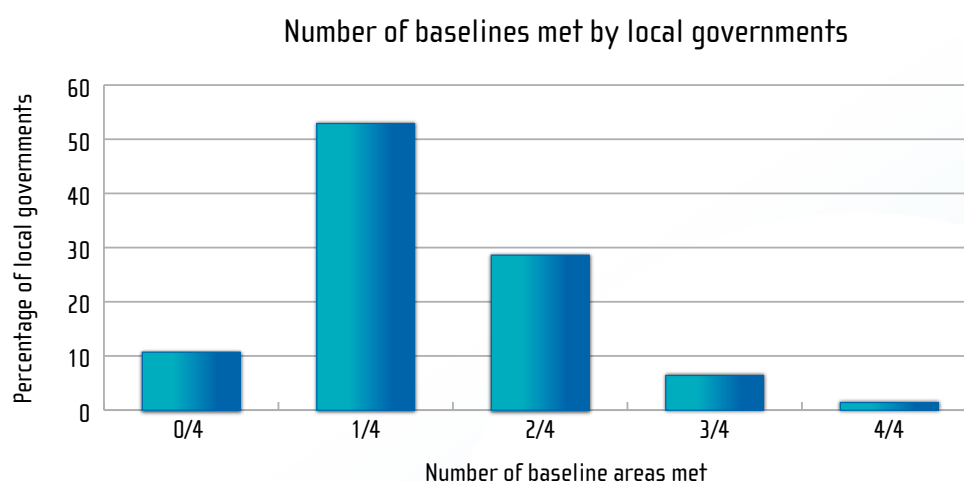
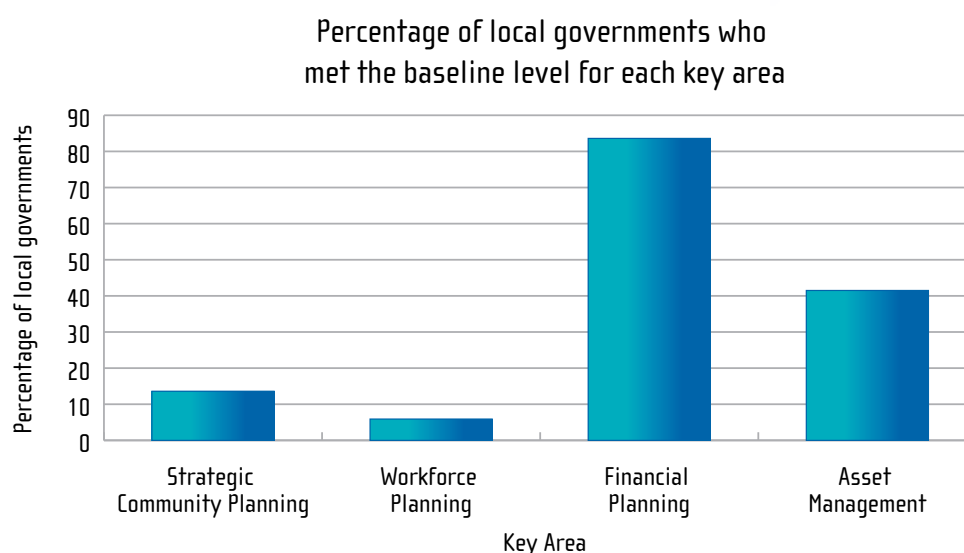
2010-2011 is the first year that measures for Strategic Community Planning, Workforce Planning, Financial Planning and Asset Management have been collected from local governments and aggregated to form a capability index. The Capability Index provides a baseline measure that shows the proportion of local governments attaining the baseline level of capability. It is expected that the Index will be low initially but will gradually rise as initiatives to support the implementation of the Integrated Planning framework take effect over the next few years, with new regulations taking effect on 1 July 2013.

A local government was deemed to be at baseline level if it satisfactorily met criteria against all four key capacity building areas. 1.4% of local governments met all four baseline levels. 6.4% of local governments met three of the four baseline levels. 28.6% met two baseline levels and 52.9% of local governments met one baseline level. 10.7% met none of the four baseline levels.



## KEY PERFORMANCE INDICATORS (CONTINUED)

The percentage of baseline activity across all four areas across the sector is 33.8%. 13.6% of all local governments met the baseline level for strategic community planning, 5.9% met workforce planning baseline levels, 83.6% met financial planning baseline level and 41.5% met the baseline level for asset management.



The four criteria are as follows:

1. The Strategic Community Plan has a 10 year timeframe, states community aspirations, vision and objectives, was adopted by an absolute majority of Council and developed with community input.
2. The Workforce Plan identifies the current workforce profile and organisational structure, identifies gaps between the current workforce profile and the organisational requirements, identifies organisational activities to foster and develop workforce and is budgeted for.
3. The Financial Plan must show the local government having an Operating Surplus Ratio greater than 0.
4. The Asset Management baseline requires the local government to be able to calculate the asset consumption ratio, that is depreciated replacement cost of assets (written down value) divided by current replacements costs of depreciable assets, expressed as a percentage.

## EFFECTIVENESS MECHANISM – STAKEHOLDER SURVEY

Assessment of the effectiveness of the Department's services must rely considerably upon the views and perceptions of the recipients. The Department views an annual client stakeholder survey as an appropriate mechanism for assessing the impact of its advice and support services on its clients and stakeholders.

For 2010-2011 the Department of Local Government and the Office of Multicultural Interests (OMI) commissioned independent contractor, Advantage Communications, to undertake client stakeholder surveys on its behalf.

### Methodology

It was considered important that the surveys reflect client stakeholder attitudes towards service delivered in the 2010-2011 financial year. Consequently, responses were elicited from those respondents that had experienced dealings with the Department or OMI in the preceding 12 months.

The Department of Local Government survey covered the target stakeholder groups of the current Minister's Office, Regional Councils, Western Australian Local Government, the Western Australian Local Government Association (WALGA) and Local Government Managers Australia Western Australia Division (LGMAWA).

Stakeholders were provided with an advice letter together with an advance copy of the questionnaire allowing them to respond by reply paid mail, by fax, by email, or by waiting to be contacted by an interviewer during the following weeks. Telephone interviews were conducted with those stakeholders who had not responded by the cut-off date.

A total of 112 surveys were completed from the population of 155 stakeholders. This is a response rate of 72% and gives a maximum standard error ratio of +/-4.9% at the 95% confidence level. Figure 2 breaks the response rate down by stakeholder type.

The client survey for OMI canvasses the perceptions of members of the community (including local government representatives) and State Government public sector agencies in respect of the achievement of each of the three objectives set out in OMI's Strategic Plan – engagement of CaLD communities, empowering of CaLD communities and facilitating strategic partnerships

Data was collected by telephone using contact lists provided by OMI. A total of 231 surveys were completed from the population of 358 clients. This is a response rate of 76% for CaLD clients and 81% for public sector agencies, and a sampling error at 95% confidence level of +/- 4.3% and +/- 4.1% respectively.

### Findings

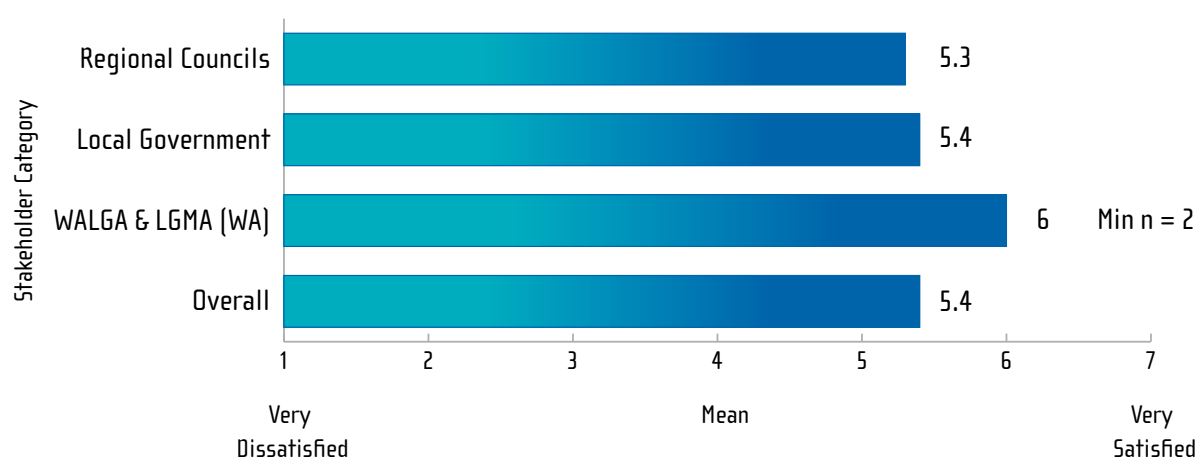
The OMI survey found that public sector representatives are more likely to report that their agencies' policies and practices are in keeping with the objectives set out in the strategic plan (65.6%) than are CaLD community respondents (43.2%) when asked if these objectives are in evidence in their dealings with the public sector. However, low 'negative' responses for both customer groups indicate that there is a high level of awareness and satisfaction with OMI's key activities and programs and that it continues to perform well at promoting the ideals of multiculturalism.

## KEY PERFORMANCE INDICATORS (CONTINUED)

Figure 1 shows the overall mean score of satisfaction with the Department of Local Government, excluding OMI, for the total population (all the client groups averaged together) and by stakeholder group. Respondents were asked to rate their overall satisfaction with the Department on a scale of one to seven. Only those who responded to the question were included in the calculation of the mean.

Overall, the survey shows that stakeholders are generally satisfied with the level of service provided by the Department, with all stakeholder groups returning average ratings well within the satisfied range.

**Figure 1: Overall Stakeholder Satisfaction with the Department of Local Government**



**Figure 2: Summary of Sample Response Rates and Survey Error**

Stakeholder Type	Population	Sample Achieved	Response	Survey Error
Local Government Authorities	141	100	71%	+/-5.3%
Regional Councils	11	10	91%	+/-9.8%
WALGA/ LGMA (WA)	2	2	100%	0
<b>Total</b>	<b>155</b>	<b>112</b>	<b>72%</b>	<b>+/-4.9%</b>
Culturally and Linguistically Diverse Communities	196	122	76%	+/- 4.3%
Public Sector Agencies	162	109	81%	+/- 4.1%

## KEY PERFORMANCE INDICATORS (CONTINUED)

## EFFICIENCY INDICATORS

	2010-2011	2010-2011	
	Target	Actual	Variation
<b>Service One: Build the Strategic Capability of the Local Government Sector</b>			
Key Efficiency Indicators:			
<ul style="list-style-type: none"> <li>Average cost of advice and support to develop local government capability.</li> </ul>	\$42,741	\$41,376	See note 1

<b>Service Two: Strengthen Good Governance in the Local Government Sector and provide Effective Regulation</b>			
Key Efficiency Indicators:			
<ul style="list-style-type: none"> <li>Cost of support services per local government</li> </ul>	\$24,282	\$27,704	See note 1
<ul style="list-style-type: none"> <li>Average cost per inquiry and investigation</li> </ul>	\$1,846	\$2,737	See note 2
Average cost per monitoring per local government	\$13,882	\$16,248	See note 1

<b>Service Three: Promotion and support of Multiculturalism in Western Australia</b>			
Key Efficiency Indicators			
<ul style="list-style-type: none"> <li>Average costs per policy project/initiative for Multiculturalism</li> </ul>	\$45,672	\$45,867	See note 2

Note 1 – Target expenses were lower than actual. These indicators are new, therefore no trend analysis is provided.

Note 2 – Actual number of inquiries were lower than estimated. The methodology for these indicators have changed therefore no trend analysis is provided.

## MINISTERIAL DIRECTIVES

Treasurer's Instruction 903(12) requires the Department to disclose information on any Ministerial directives. The Minister for Local Government did not issue any directives on Department of Local Government operations during 2010-2011.

# Other Financial Disclosures

## PRICING POLICIES OF SERVICES PROVIDED

The Department does not provide cost recoverable services.

## CAPITAL WORKS

No capital projects were completed during 2010-2011.

## CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Department of Local Government other than normal contracts of employment of services.

## SUMMARY OF EMPLOYEES

	2009–2010	2010–2011
Number of employees	122	136.5
Permanent Full Time	83	98
Contract Full Time	35	34
Part Time – Permanent and Contract	4	4.5
Seconded Out	11	3
Seconded In	9	3
Employees under 25 years (youth) {%}	6.5%	7.3%
Employees over 45 years (mature workers) {%}	44.02%	68%
Women in the workforce {%}	61%	71%
Women in executive senior management {%}	9.01%	5.12%
Indigenous Australian employees	2.8%	2.1%
Employees from culturally diverse backgrounds {%}	26.22%	13.91%
Employees with disabilities {%}	7.5%	5.12%

Note “{%}” represents the category as a percentage of the total number of employees.

## REVIEWING OUR HUMAN RESOURCE POLICIES

During 2010-2011 a review of all major human resources policies continued. The review ensures we meet not only best practice standards but also 'best fit' and has taken into account the relocation to Gordon Stephenson House. Our revised policies provide for a workplace that is healthy and safe, free from harassment and discrimination, and which allows employees to balance work and family commitments.

## INDUSTRIAL RELATIONS

The majority of Departmental staff are employed under the *Public Service General Agreement 2006* and one officer is employed under the *Salaries and Allowances Act 1975*.

# Governance Disclosures

## CONFLICT OF INTEREST

In addition to activities undertaken to ensure compliance with Public Sector Standards and Ethical Codes, all new staff attend a one-day workshop on Accountable and Ethical Decision Making in the Public Sector. The Department also has a Conflict of Interest Policy.

## ELECTORAL ACT 1907 SECTION 175ZE

### **Expenditure with Advertising Agencies** **\$31,670**

Adcorp Australia Limited  
ABG Pages Pty Ltd  
State Law Publisher  
Chung Wah Association  
Cocos Keeling Island  
Community Newspapers  
Nha Inc ITF WACOSS  
WA Newspapers

### **Expenditure with Promotional/Market Research Agencies** **\$6,713**

Key2Design  
Promo Select  
Worldwide Online Print  
Yelland and Associates Pty Ltd

### **Expenditure with Publication Agencies** **\$101,822**

Key 2 Design  
Optima Press Pty Ltd  
Avonleigh Holdings Pty Ltd  
Snap Printing  
The Trustee for Stewart Discretionary Trust  
Worldwide Online Print  
Quality Press WA

### **Expenditure with Direct Mail Agencies** **\$2,169**

Northside Logistics & Finishers

### **Expenditure with Media Advertising** **\$15,629**

Mitchell and Partners Australia Pty Ltd  
Mitchell Communications Group

### **Total Expenditure** **\$158,003**



## DISABILITY ACCESS AND INCLUSION PLAN

The Department is committed to ensuring that people with disabilities are able to access the Department's services, facilities and information by providing them with the same opportunities, rights and responsibilities as others in the community. The Department aims to achieve this by ensuring that:

People with disabilities have the same opportunities as other people to access our services and any organised events by:

- Providing opportunities for people with disabilities to comment on access to services and information provided by the Department
- Ensuring that any events organised by the Department are accessible to people with disabilities
- Incorporating the objectives of the Disability Access and Inclusion Plan (DAIP) into relevant plans and strategies of the Department, and
- Ensuring that our employees, contractors, and agents are aware of our DAIP.

People with disabilities have the same opportunities as other people to access our office and other facilities by ensuring that:

- Our office is accessible and meets the legislative and access standards for accessibility
- Our employees are aware of facilities available to people with disabilities, e.g. toilets, access ramps
- Our signage is clear and easy to understand.

People with disabilities receive information from us in a format that will enable them to access the information as readily as other people are able to access it by:

- Improving community awareness that our information is available in alternative formats upon request
- Ensuring our employees' awareness of accessible information needs and how to obtain information in other formats
- Committing to making publications as accessible as possible (written in plain English, succinct, publicly available).

The redeveloped website meets the W3C Web Content Accessibility Guidelines.

People with disabilities receive the same level and quality of service from our employees as other people by:

- Improving and maintaining employee awareness of disability and access issues and relevant legislation
- Improving employee skills to better our services to people with disabilities
- Advancing the awareness of new employees regarding disability and access issues
- Increasing employees' knowledge and skills so they can receive complaints from people with a disability.

People with disabilities have the same opportunities as other people to make complaints to us:

- Our Complaints System and Policy are accessible for people with disabilities and are available in formats to meet the needs of people with disabilities.

People with disabilities have the same opportunities as other people to participate in any public consultation we may undertake.

- We ensure inclusive opportunities for people with disabilities to participate in any public consultation we may undertake.

The Department's Disability Access and Inclusion Plan is available on our website.

## COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

The Department reviewed its Code of Conduct policy this year. The policy states requirements for maintaining ethical behaviour in our workplace and clarifies the standards of behaviour that are expected of our staff. It offers practical guidance in areas where staff need to make personal and ethical decisions and ensures they maintain a consistent and appropriate level of behaviour with colleagues, associates and our customers.

All staff have a legal and ethical responsibility to comply with departmental policy, procedures and the Code of Conduct; perform their duties effectively; and act in a manner that promotes a productive and harmonious working environment. This information is communicated clearly to all new staff members as they join the Department, and is reinforced through our intranet and staff newsletters. The staff induction material has also been reviewed to incorporate information on the *Public Interest Disclosure Act 2003* and how to make a disclosure.

## FREEDOM OF INFORMATION

In 2010-2011 the Department received nine applications under Freedom of Information legislation and all nine were completed.

## REVIEW OF EFFICIENCY AND EFFECTIVENESS OF DEPARTMENTAL RECORD KEEPING TRAINING PROGRAM

New staff members receive introductory training of approximately 30 minutes which takes them through basic TRIM operations. Department wide as well as one-on-one training sessions are also provided when required so that officers are able to learn more about specific aspects of the system or obtain help on an overall basis. During these sessions feedback is sought for future sessions.

## REVIEW OF EFFICIENCY AND EFFECTIVENESS OF DEPARTMENTAL RECORD KEEPING SYSTEMS

In 2009–2010 there were 29,851 documents registered into the TRIM system and in 2010–2011 there were 47,660 registered representing an increase of 62%.

The scanning of documents into the TRIM system means officers do not necessarily need the physical document but can view the document electronically. This has saved time and achieved a more speedy turn around.

The positive uptake of the system along with regular training on data entry conventions and the registration process has improved the quality of titling ensuring easier searching and a more effective operating environment in the Department.

# Government Policy Requirements

## SUBSTANTIVE EQUALITY

The Department embraces the principles of the Policy Framework for Substantive Equality, the public sector's program for the prevention of systemic indirect forms of discrimination in service delivery to Indigenous and ethnic minority groups. The Office of Multicultural Interests has continued its support as a program partner for this initiative.

## OCCUPATIONAL HEALTH AND SAFETY

The Department is committed to providing a safe and healthy working environment for our employees, associates and clients.

The Department's Occupational Health and Safety Committee plays a crucial role, including that of safety audits in occupational health and safety, and consultation within the Department. Details of the members and their locations are available to all employees via the intranet and at staff induction. The Committee's scope and its role relating to corporate risk assessment will be reviewed and improved upon in the upcoming 12 months. Currently the Committee resolve any occupational health and safety issues and plan the periodic safety audits.

A review has begun of the Department's Occupational Health and Safety Policy.

We have also provided continued input into the streamlined Occupational Safety and Health process from the Office of Shared Services.

	2009-2010	2010-2011
Number of fatalities	0	0
Loss time injuries as a result of a safety incident/diseases	0	0
Number of severe claims	0	0
Loss time injury severity rate (%)	0	0

# Annual Report Feedback Form

The Department welcomes feedback regarding our 2009-2010 Annual Report. This will assist us in improving future Annual Reports so that they are more informative for the reader.

## How would you rate the Report's content?

☐ Excellent    ☐ Very good    ☐ Good    ☐ Average    ☐ Poor

## How would you rate the Report's presentation?

☐ Excellent    ☐ Very good    ☐ Good    ☐ Average    ☐ Poor

## What would you suggest could be changed, added or removed to improve the Annual Report?

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## Any other comments or suggestions?

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Please return this form to : Executive Director, Strategic Business Management, Department of Local Government, GPO Box R1250, PERTH WA 6844

Your contact details (optional):

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