DEPARTMENT OF LOCAL GOVERNMENT
ANNUAL REPORT 2011–2012

September 2012

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STATEMENT OF COMPLIANCE
FOR YEAR ENDED 30 JUNE 2012

Hon G M (John) Castrilli MLA, Minister for Local Government; Heritage; Citizenship and Multicultural Interests.

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 2012.

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

Jennifer Mathews
Accountable Authority
3 September 2012
The past 12 months have been a busy year for the Department. It has been both an exciting and challenging year as we continue to work towards achieving the Department’s goal of building strong and sustainable communities.

Looking back and reflecting on our work within the local government area, there have been a number of important achievements.

The Department has continued to support the State Government’s Local Government Reform Program with a key focus on the roll out of the Integrated Planning and Reporting Program. This program aims to build the capacity of local governments in undertaking strategic community planning, long-term financial planning, asset management, workforce planning and community engagement.

In August 2011, new regulations were enacted that will require local governments to have a Strategic Community Plan and a Corporate Business Plan in place from 1 July 2013. A range of support was provided throughout the year, including masterclasses for staff and elected members, developing and launching the dedicated Integrated Planning and Reporting website and providing grants to assist local governments with their planning.

The Department continued to support those local governments engaged in Regional Transition and Regional Collaborative Groups. It has been pleasing to see the positive outcomes from the business planning processes of these groups, with participating local governments consistently identifying opportunities for improvements across many areas.

Secretariat support was also provided through the Department to assist the Metropolitan Local Government Review Panel.

As part of its work to support the sector, the Department provided advice and assistance to local governments during the 2011 local government elections. The Department worked closely with the Western Australian Electoral Commission to run a joint campaign to promote elections. In March 2012, this support work was complemented by the Indigenous Councillors Conference that was attended by 21 Indigenous councillors from across the State.

In 2011–2012, the Department released a Compliance Framework as part of its work in building good governance and providing effective regulation within the sector. The Framework provides transparency about our approach to compliance and to managing complaints made against the sector.
A great deal of work has been undertaken to progress legislative amendments over the past year. This included the Local Government Amendment Act 2012 that introduced important changes relating to elected member qualifications, local government investment provisions and State Administrative Tribunal powers to determine fees and allowances for elected members and remuneration of chief executive officers.

The passing of the Cat Act 2011 was a significant achievement for this Department and will come into full effect from 1 November 2013.

In the area of multicultural interests, the launch of DiverseWA in October 2011 was an important achievement for the Office of Multicultural Interests. DiverseWA is an innovative online cultural competency training package for the Western Australian public sector and local governments. Since its launch there have been more than 1600 registrations for this innovative package.

Looking ahead, the Local Government Reform Program will continue to be a key priority for the Department. We look forward to expanding the support available to local governments under the Integrated Planning and Reporting Program to include workforce planning and information and communications technology.

The Department has also been recognised as a finalist in the 2012 Premier’s Awards for Excellence and Innovation in the Public Sector for its Integrated Planning and Reporting Program. This is a great achievement not only for the Department but also for the local government sector which has made a significant contribution to this important project. We look forward to the award’s announcement at the end of 2012.

In 2012–2013, the Department will provide advice on future options for reform within the metropolitan area following the final report of the Metropolitan Local Government Review Panel.

Work will continue on important legislative projects including the implementation of the Cat Act 2011, the Dog Amendment Bill 2012 and the Local Government Amendment Bill 2012 which will allow local governments to set up regional subsidiaries for the joint delivery of services.

The Department would not have been able to achieve all of this without the hard work, commitment and contribution of the Department’s staff. I would like to acknowledge and thank them for their important contribution over the past 12 months.

I would also like to take this opportunity to recognise and thank the other State Government agencies and key stakeholders that have worked with us over the past 12 months. I would particularly like to acknowledge the Western Australian Local Government Association and Local Government Managers Australia (WA Division) for their continued support and collaboration.

Jennifer Mathews
Director General
EXECUTIVE SUMMARY

LOCAL GOVERNMENT REFORM

During 2011–2012, the Department of Local Government invested significant resources in building the strategic capability of local governments through the implementation of the State Government’s Local Government Reform program. This aims to:

- create fewer but stronger local governments
- build a local government sector with the capacity to plan strategically
- deliver optimal services to meet community needs throughout Perth and regional Western Australia.

Recognising the potential benefits of structural reform, 38 country local governments have progressed business plans that examine opportunities for amalgamation or greater regional collaboration. They have acknowledged that such reform can facilitate improved economic development outcomes such as regional tourism, greater economies of scale in their back office functions such as IT systems, and better delivery of services to ratepayers through shared service arrangements.

Fifteen Wheatbelt local governments have participated in five Regional Transition Groups examining the feasibility of amalgamation. One group comprising three local governments will shortly submit a proposal for amalgamation to the Local Government Advisory Board. A further two groups comprising seven local governments will make a determination shortly on the outcome of their respective plans. Two other groups comprising five local governments completed the business planning process and resolved not to progress towards amalgamation within their respective groupings.

In the more remote areas of the State, 23 local governments are currently participating in Regional Collaborative Groups and investigating opportunities for shared service arrangements across the Kimberley, Pilbara, Gascoyne and Goldfields regions.

The Department has also provided executive support to the independent Metropolitan Local Government Review Panel appointed by the Minister in 2011. The Panel’s deliberations and draft findings elicited approximately 450 submissions about the future boundaries, functions and governance arrangements for Perth’s 30 local governments. The Department is preparing to assist any implementation of the Panel’s recommendations once its Report has been considered by State Cabinet.

Just over one year on, the new City of Greater Geraldton continues to report significant benefits arising from amalgamation. These include youth programs and Aboriginal liaison services, a dedicated Mullewa Place Manager, and inclusion of Mullewa in the National Broadband rollout.

The Shires of Westonia and Yilgarn were also pursuing amalgamation, however, this was overturned by an electors’ poll in April 2012.

The Department has partnered with major industry bodies to continue building the capacity of local governments to plan strategically to meet the needs of their communities. New regulations have redefined the requirement for local governments to ‘plan for the future’. Significant
progress has been reported by local governments in developing Strategic Community Plans, Corporate Business Plans, Asset Management Plans and Long Term Financial Plans. The introduction of Workforce Planning into the integrated planning process is a major priority for 2012–2013.

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 Department carries out compliance activities in line with its Compliance Framework, which provides both transparency about the Department’s approach to compliance, and certainty to local governments about the Department’s approach to managing complaints. Regulatory compliance of all local governments with 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 local government Better Practice Reviews and Probity Audits
• investigating complaints.

The Department completed 226 complaints about local governments for the 2011–2012 financial year. An Authorised Inquiry into the City of Canning also commenced during the year.

Probity audits were undertaken at the shires of Chapman Valley and Toodyay.

In 2011–2012 a number of initiatives to assist local governments have been undertaken including:

• application of fair value to WA local government financial reporting of assets
• establishment of a frequently asked questions page on the Department’s website
• development of a range of new and amended guidelines on a range of topics that will assist the operation of local governments in the State.

Local government elections were held across the State on 15 October 2011. In addition to providing support and advice to local government preparing for the elections, the Department implemented a broad communications strategy in the three months leading up to the elections. The strategy aimed to promote the elections, encourage candidates to stand for council and increase voter participation.

Following consultation in 2010, the Cat Bill 2011 has been drafted and was introduced into Parliament in June 2011. This statewide domestic cat control legislation will provide for responsible cat ownership and
significantly reduce the thousands of stray cats being euthanised 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
- 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 third year of the State Government’s Multicultural Strategic Plan 2009–2013, OMI continued to work to achieve the plan’s three key objectives—full participation of culturally and linguistically diverse (CaLD) communities in social, economic and cultural life; removal of the barriers to equity experienced by CaLD communities; and promotion of the benefits to Western Australia of cultural and linguistic diversity.

Throughout the year, OMI facilitated high level partnerships and provided strategic advice and policy leadership within the Western Australian public sector on issues, services and programs affecting CaLD communities.

A major project for the office was the development and implementation of an online cultural competency training package for the WA public sector. DiverseWA was launched by the Minister in October 2011. This innovative project has attracted more than 1600 public sector (including local government) registrations and will become mandatory training for a number of State Government departments.

Another major project for 2011–2012 was the first stage of a review of the WA Language Services Policy 2008 which involved two consultations with 59 representatives from the public sector, settlement grants providers and the translating and interpreting sector. A report of the key findings has been published and implementation of the recommendations has commenced. This will include a revised Language Service Policy with detailed guidelines for public sector agencies.

Promoting the economic and social benefits of migration and diversity has become a priority area for the office. Work has commenced on research into the WA-specific benefits of diversity and a business round table is being planned.

An Across Government Funding Network for CaLD Communities, chaired by OMI, organised two funding forums that were attended by more than 230 participants, resulting in greater awareness by community members of the State Government funding opportunities available to them.
OPERATIONAL STRUCTURE

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 includes the Office of Multicultural Interests and has governance responsibility for the State Heritage Office. 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.

ENABLING LEGISLATION

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

RESPONSIBLE MINISTER

The Department is responsible to Hon G M (John) Castrilli MLA, Minister for Local Government; Heritage; Citizenship and Multicultural Interests.
OPERATIONAL STRUCTURE CONTINUED

ORGANISATIONAL STRUCTURE

OUR VISION, MISSION AND VALUES

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.

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
PORTFOLIO STRUCTURE

MINISTER
For Local Government; Heritage; Citizenship and Multicultural Interests

Heritage Council of Western Australia
Independent Statutory Authority

State Heritage Office

Employing Authority and Corporate Services

Executive and Secretariat Support

Department of Local Government

Local Government Standards Panel

Local Government Grants Commission

Local Government Advisory Board

Metropolitan Local Government Review Panel
The Department of Local Government has governance responsibility for the State Heritage Office which documents its activities in the Heritage Council of Western Australia’s annual report, available at www.stateheritage.wa.gov.au.

**CORPORATE EXECUTIVE**

Department of Local Government Corporate Executive (L-R) Brad Jolly, Mark Glasson, Maria Osman, Jennifer Mathews, Alan Shaw and Graeme Gammie.
OPERATIONAL STRUCTURE CONTINUED

JENNIFER MATHEWS
DIRECTOR GENERAL

Jennifer Mathews joined the Department in 2008.

Since taking up the role of Director General, Jennifer has focussed on delivering the State Government’s reform priorities for local government in Western Australia. This has included progressing the government’s structural reform agenda as well as implementing a new Integrated Planning and Reporting Framework for local government.

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 more than 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 Western Australia.

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

MARK GLASSON
EXECUTIVE DIRECTOR | STRATEGIC POLICY AND LOCAL GOVERNMENT REFORM

Mark Glasson commenced with the Department in January 2012. Prior to this appointment, Mark was Director, Offender Services within the Department of Corrective Services. Mark has been employed within the State Public Service since 1993 and his experience includes roles in the areas of children’s and family services, family and domestic violence and non-government funding and contracting. Mark has held leadership roles in both policy and service delivery environments.

In his role, Mark is responsible for leading the policy functions, capacity building and structural reform initiatives of the Department.

BRAD JOLLY
EXECUTIVE DIRECTOR | GOVERNANCE AND LEGISLATION

Brad Jolly commenced with the Department in October 2009 and has a breadth of experience across both the private and public sector. Prior to joining the Department, 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.
OPERATIONAL STRUCTURE CONTINUED

MARIA OSMAN
EXECUTIVE DIRECTOR | OFFICE OF MULTICULTURAL INTERESTS

Maria Osman has had extensive experience in multicultural, diversity and gender policy and community development across the university, non-government and State Government sectors. Maria Osman was appointed to the position of Executive Director of the Office of Multicultural Interests in 2009. Prior to joining the Department, she was Manager of Research and Training at the Association of Survivors of Torture and Trauma and from 2003 to 2006 was the Executive Director of the Office of Women’s Policy and a member of the Department for Communities Corporate Executive.

In her position, Maria plays an important leadership role in implementing the State Government’s Multicultural Strategic Plan by promoting the benefits of a multicultural Western Australia, by advocating for improved programs and services and by providing policy advice across the public sector.

GRAEME GAMMIE
EXECUTIVE DIRECTOR | STATE HERITAGE OFFICE

Graeme Gammie was appointed to the role of Executive Director for the State Heritage Office 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 the 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 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.
OPERATIONAL STRUCTURE CONTINUED

ADMINISTERED LEGISLATION

The following legislation is administered by the Department as at 30 June 2012:

Albany Cemeteries Act 1943
Albany Public Cemeteries Subsidies Act 1952
Busselton Cemetery Act 1944
Caravan Parks and Camping Grounds Act 1995
Carnarvon Electric Lighting Act 1924
Cat Act 2011
Cemeteries Act 1986
City of Fremantle (Free Literary Institute) Act 1948
City of Fremantle and Town of East Fremantle Trust Funds Act 1961
City of Perth Improvement Act 1913
City of Perth Restructuring Act 1993
Control of Vehicles (Off-road Areas) Act 1978
Dog Act 1976
Fremantle Endowment Lands Act 1918
Fremantle Improvement Act 1913
Guildford Cemeteries Act 1936
Guildford Old Cemetery (Lands Revestment) Act 1949
Kojonup Cemetery Act 1928
Local Government (Miscellaneous Provisions) Act 1960 (other than Parts VIII, IX & XV)
Local Government Act 1995
Local Government Grants Act 1978
Mandurah Church Burial Ground Act 1947
Northam Cemeteries Act 1944
Ocean Gardens (Inc.) Act 2004
South Fremantle Oil Installations Pipe Line Act 1948
Tamala Park Land Transfer Act 2001
Toodyay Cemeteries Act 1939
Transfer and Use of Funds (Shires of Harvey and Waroona) Act 1991
York Cemeteries Act 1933
Administration of the Animal Welfare Act 2002 transferred to the Department of Agriculture and Food on 1 July 2011
Regulations associated with these Acts are also administered.

COMPLIANCE WITH OTHER 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
Key Effectiveness Indicator
Improvement in local government’s Capability to enable the fulfilment of their responsibility to communities:
• Proportion of local governments meeting the full set of four Capability elements at a basic level
• Proportion of Capability elements met at the basic level across all local governments.

Key Effectiveness Indicator
Stakeholder satisfaction rating with the services provided by the Department to build Capability in local government.

Key Efficiency Indicator
• Average cost of advice and support to develop local government Capability.

Key Effectiveness Indicator
Proportion of public sector agencies that accept and practise the principles of multiculturalism:
• Perception of public sector agencies
• Perception of culturally and linguistically diverse community groups.

Outcome 2
A Western Australian public sector which practices the principles of multiculturalism and the empowerment of culturally and linguistically diverse communities to fully participate in Western Australian life.

Key Efficiency Indicator
• Cost of support services per local government
• Average cost per inquiry and investigation
• Average cost of monitoring per local government.
PERFORMANCE MANAGEMENT FRAMEWORK CONTINUED

RELATIONSHIP TO GOVERNMENT GOALS

Broad State Government goals are supported at agency level by specific outcomes actioned through the three departmental business services. The Department achieves its outcomes by progressing the activities within its Corporate Plan aligned to its business services.

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 impact of delivered 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.

<table>
<thead>
<tr>
<th>Government Goals</th>
<th>Desired Outcomes</th>
<th>Services</th>
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<tbody>
<tr>
<td>Stronger Focus on the Regions:</td>
<td>To build the capability of the local government sector to deliver economic and social services to communities.</td>
<td>1. Build the Strategic Capability of the Local Government Sector.</td>
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<tr>
<td>Greater focus on service delivery,</td>
<td></td>
<td>2. Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation.</td>
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<td>infrastructure investment and economic development to</td>
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<td>improve the overall quality of life in remote and</td>
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<tr>
<td>regional areas.</td>
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<tr>
<td>Results-Based Service Delivery:</td>
<td>A Western Australian public sector which practises the principles of multiculturalism and the empowerment of culturally and linguistically diverse communities to fully participate in Western Australian life.</td>
<td>3. Promotion and Support of Multiculturalism in Western Australia.</td>
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<tr>
<td>Greater focus on achieving results in key service</td>
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<td>delivery areas for the benefit of all Western</td>
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<td>Australians.</td>
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CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK

The Department of Local Government’s Outcome Based Management Framework did not change during 2011–2012.

SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Department of Local Government did not share any responsibilities with other agencies in 2011–2012.
The creation of the City of Greater Geraldton, following the amalgamation of the City of Geraldton-Greenough and the Shire of Mullewa on 1 July 2011 has resulted in significant benefits to the community of Mullewa. These include expansion of the CCTV and ranger service to contribute to community safety, greater organisational capacity to align the skills requirement of the organisation to deliver strategic plan initiatives, reflective of community aspirations and improved business development process to capture corporate knowledge to inform future projects. A further proposed amalgamation between the Shires of Westonia and Yilgarn was defeated by an elector’s poll in April 2012.

To support reforming groups of local governments, the Department provides both technical advice and financial resources in the form of grants. This comprised regular meeting attendance, advisory support on templates and review of business planning reports and outcomes.

Of the 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 October 2011 local government elections two more local governments have committed to reducing their elected members by four and one respectively at the October 2013 local government elections. Overall the number of elected members has been reduced by 50 since the 2009 local government elections.

**METROPOLITAN LOCAL GOVERNMENT REVIEW**

On 24 June 2011, a review of Perth metropolitan local government was announced by the Minister for Local Government, Hon G M (John) Castrilli MLA.
SERVICE 1: BUILD THE STRATEGIC CAPABILITY OF THE LOCAL GOVERNMENT SECTOR CONTINUED

The Metropolitan Local Government Review Panel was appointed by the Minister to examine the social, economic and environmental challenges facing metropolitan Perth over the next 50 years as the population growth continues to increase. The Panel was charged with recommending appropriate boundaries and governance models for local governments in the Perth metropolitan area.

The Panel was chaired by Emeritus Professor Alan Robson AM CitWA, a former Vice-Chancellor of the University of Western Australia. Other members of the panel were Dr Peter Tannock, former Vice-Chancellor of the University of Notre Dame, and Dr Sue van Leeuwen, CEO of Leadership Western Australia. An extensive communications and consultation process was undertaken by the panel to give the broader community, local governments and other interested organisations an opportunity to have their say about the future of local government. Some 450 written submissions were received during the process with the panel’s final report being presented to the Minister on 12 July 2012.

CAPACITY BUILDING

The Department continues to support local governments in delivering optimal services to their communities through improved long-term strategic planning and management of infrastructure assets, workforce and financial resources.

In August 2011, the Department enacted new regulations under the Plan for the Future provisions of the Local Government Act 1995. These require all local governments in WA to have developed a Strategic Community Plan which links the community’s aspirations with the council’s vision and long-term strategy, and a Corporate Business Plan which links resourcing plans and specific council plans with Strategic Community Plans, by 30 June 2013.

To further support implementation of these integrated planning activities, the Department:

- assisted Local Government Managers Australia (WA Division) through funding and support staff to conduct a series of 16 integrated planning master classes that were attended by 401 senior local government administrators throughout the State.
- assisted the Western Australia Local Government Association (WALGA) through funding and support staff to conduct a series of 19 integrated planning workshops attended by 263 elected members throughout the State.
- provided grants 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
- launched a website dedicated to supporting integrated planning within the local government sector: http://integratedplanning.dlg.wa.gov.au
- published an Advisory Standard outlining minimum standards for integrated planning performance.
In 2011–2012, resources were developed to support workforce planning—one of the four key areas of focus in the Integrated Planning and Reporting Framework. During the year, a Workforce Planning Toolkit and Implementation Plan for the introduction of workforce planning across the sector were developed. Collaborative arrangements were confirmed and commenced with the Australian Centre of Excellence for Local Government to deliver training workshops in 2012–2013.

**LOCAL GOVERNMENT SERVICES TO INDIGENOUS COMMUNITIES**

Improving the quality of life for residents in remote Aboriginal communities is an important policy objective for the State Government. The Western Australian and Commonwealth governments have committed to develop clearer roles, responsibilities and funding of new arrangements for service delivery in Aboriginal communities under the National Partnership Agreement on Remote Indigenous Housing. The Department is responsible for determining the municipal service arrangements in Aboriginal communities across remote WA.

In developing new arrangements, the State Government committed $1.170 million from the Country Local Government Fund to support the scoping and costing of municipal services in Aboriginal communities across the Pilbara, Kimberley, Gascoyne, Murchison and Goldfields regions. This study was completed with local governments’ assistance, identifying potential service delivery methods and costs and providing the Government with a potential overall cost to local governments across remote areas delivering municipal services in Aboriginal communities. Together with the scoping and costing study, the government participated in a national audit of municipal and essential services and infrastructure undertaken by the Commonwealth Government to gain a better understanding of the significant gaps in service and infrastructure standards.

The Department is continuing to work collaboratively with all partners to ensure the effective participation, consultation and consent of local governments and Aboriginal people in relation to the design and delivery of municipal services in Aboriginal communities.

**GRANTS AND FUNDING PROGRAMS**

The Department distributed $4.674 million on grant programs during 2011–2012.
SERVICE 1: BUILD THE STRATEGIC CAPABILITY OF THE LOCAL GOVERNMENT SECTOR CONTINUED

<table>
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<th>Grant programs 2011–2012</th>
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<tr>
<td><strong>GRANTS</strong></td>
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<tr>
<td><strong>Support for Local Government Reform</strong></td>
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<td>Six separate grant programs were 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.</td>
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<tr>
<td><strong>Amalgamation Planning</strong></td>
</tr>
<tr>
<td>One group, Geraldton-Greenough/Mullewa Group, was assisted in pre-amalgamation planning processes.</td>
</tr>
<tr>
<td><strong>Integrated Planning</strong></td>
</tr>
<tr>
<td>A total of 24 grants to develop integrated planning through a common set of tools was provided to one Regional Transition Group, two Regional Collaborative Groups and 21 individual local governments.</td>
</tr>
<tr>
<td><strong>Asset Management Planning</strong></td>
</tr>
<tr>
<td>A total of 19 grants was provided to develop asset management plans in one Regional Transition Group, one Regional Collaborative Group and 17 individual local governments.</td>
</tr>
<tr>
<td><strong>Regional Transition Group</strong></td>
</tr>
<tr>
<td>Three groups were assisted with additional funding to complete their business planning process:</td>
</tr>
<tr>
<td>• Brookton/Pingelly</td>
</tr>
<tr>
<td>• Narrogin/Cuballing/Wickepin</td>
</tr>
<tr>
<td>• York/Beverley/Cunderdin/Quairading/Tammin</td>
</tr>
<tr>
<td><strong>Other Capacity Building Programs</strong></td>
</tr>
<tr>
<td>One grant was provided to WALGA to assist in capacity building programs for local government training of elected members in integrated planning and reporting framework.</td>
</tr>
</tbody>
</table>
SERVICE 1: BUILD THE STRATEGIC CAPABILITY OF THE LOCAL GOVERNMENT SECTOR CONTINUED

Grant programs 2011–2012

<table>
<thead>
<tr>
<th>Scholarship Programs</th>
<th>TOTAL: $122,500</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Government Scholarship Program</strong></td>
<td>$92,000</td>
</tr>
<tr>
<td>The scholarship provides Indigenous or young people from low socioeconomic areas opportunities to work in a local government. Eight scholarships of $11,500 each were awarded in 2011–2012.</td>
<td></td>
</tr>
</tbody>
</table>

| **Public Sector Management Program** | $30,500 |
| This scholarship assists local government employees to undertake the Public Sector Management Program. Four scholarships were provided during 2011–2012. | |

<table>
<thead>
<tr>
<th><strong>Other</strong></th>
<th>TOTAL: $40,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Election Commitments</strong></td>
<td>$40,000</td>
</tr>
<tr>
<td>Choose Respect Program Bunbury.</td>
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</tr>
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</table>

**Online Grants Directory**

The Department’s Online Grants Directory, available at www.grantsdirectory.dlg.wa.gov.au, is a popular resource for local governments and community organisations. Currently, 77 grants are available for browsing. They are updated regularly to ensure that the information is current.
SERVICE 1: BUILD THE STRATEGIC CAPABILITY OF THE LOCAL GOVERNMENT SECTOR

WOMEN IN LOCAL GOVERNMENT

The Department continued to contribute to the work of the Local Government Managers Australia National Steering Committee until the committee finalised its responsibilities with respect to the Year of Women in Local Government 2010.

The Department also maintained its input to the Australian Local Government Women’s Association (ALGWA) 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.

The Advisory Committee on Women in Local Government identified essential elements for a development program to assist senior women to achieve Chief Executive Officer positions.

ROYALTIES FOR REGIONS

The Country Local Government Fund is one of the major State Government’s Royalties for Regions programs that benefit regional Western Australia. Through this fund, the Department has been provided with resources to support its structural reform and capacity building programs in the local government sector.

Local governments in regional areas that indicated a willingness to reform have been assisted with funding to improve their financial sustainability, asset management and long-term strategic planning as part of the Department’s Integrated Planning and Reporting Program.

A total of $1.520 million in grants were distributed in 2011–2012.
CROSS-AGENCY PARTNERSHIPS

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

- Department of Regional Development and Lands’ Regional Centres “Super Towns” Steering Committee and Implementation Working Group
- State Graffiti Taskforce
- Keep Australia Beautiful Council
- ‘Closing the Gap’ State Operations Committee and sub working groups to maintain relationships and raise joint focus on local government service delivery arrangements for Aboriginal communities
- Department of Housing, working to achieve the outcomes of the National Partnership Agreement on Remote Indigenous Housing and the Department’s commitment to the delivery of municipal and essential services in Aboriginal communities.

The Department has also provided strategic policy advice to other agencies on a range of issues including:

- emergency management
- waste management
- child and public health
- clean energy and carbon tax
- management of regional airports
- competitive neutrality.

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 138 local governments. The Financial Assistance Grants are made up of two components, the general purpose component and the road component.

The commission completed its methodology review during the year. The new methodology for general purpose grants places greater emphasis on growth, location and socioeconomic disadvantage. The methodology for calculating the local roads component is considered to be a proven and reliable model and was not changed. The new methodology will apply to the 2012–2013 Financial Assistance Grants grant determinations, with the resultant allocations to better reflect the changing circumstances of local government in WA.

In 2011–2012, the total amounts paid to local governments in Financial Assistance Grants were:

- General purpose grants (2011–2012) $115,620,578
- Road grants (2011–2012) $76,232,735
- Advance payments (2012–2013) $133,332,000
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.

In 2011–2012, the board processed a total of five ward and representation reviews conducted by local governments. It also considered a further two proposals as minor matters that did not require ward and/or representation reviews.

The board considered two proposals for district boundary amendments which were approved as minor matters. The board completed one formal inquiry into a district boundary amendment proposal between the shires of Esperance and Ravensthorpe. The board recommended against the proposal and as such it did not proceed. In June 2012, the board formally resolved to undertake a formal inquiry into a district boundary amendment between the shires of Coorow and Carnamah.

The board completed a formal Inquiry into the amalgamation of the shires of Westonia and Yilgarn. The recommendation to amalgamate the shires was rejected at a poll in Westonia in April 2012 and the amalgamation did not proceed.

The board resolved to undertake a formal inquiry into a proposal by the City of Nedlands to amalgamate the cities of Subiaco and Nedlands. The City of Subiaco challenged the board’s decision in the Supreme Court, resulting in an order prohibiting the board to proceed with an inquiry.

STATE LOCAL GOVERNMENT AGREEMENT

The agreement signed between the State Government, the Western Australian Local Government Association and Local Government Managers Australia (WA Division) in August 2010 commits all parties to work together to achieve increased capacity and long-term sustainability of local government and improved outcomes for all Western Australians.

During 2011–2012, under the terms of the agreement, the Department has worked closely with the other signatories on a range of important policy and project initiatives. These include:

- the Local Government Services in Aboriginal Communities project, leading to State and local government sector-wide decisions about new arrangements and the process for moving forward
- the implementation of the new Integrated Planning and Reporting Framework, with master classes and workshops being conducted across the State in partnership with both LGMA and WALGA
- provision of training and ongoing advice and support to elected members.
SERVICE 1: BUILD THE STRATEGIC CAPABILITY OF THE LOCAL GOVERNMENT SECTOR CONTINUED

CASE STUDY: INTEGRATED PLANNING AND REPORTING

An Integrated Planning and Reporting Framework was introduced in 2010 as a key capacity building component of the local government reform program. Integrated planning requires each local government to develop:

a. a Strategic Community Plan with a timeframe of up to 10 years that links community aspirations with the council’s vision and long-term strategy
b. a Corporate Business Plan with a four-year timeframe that links an asset management plan, long-term financial plan, workforce plan and other council-specific strategies with the Strategic Community Plan.

While many local governments are currently developing and implementing these plans, a performance measurement survey of the sector conducted in 2011 showed that only a small percentage of local governments met a basic standard of capability. To assist a process of improvement across the sector, the Department has developed a number of tools and other resources including:

- frameworks, guidelines, case studies and web resources to support integrated planning, asset management and long-term financial planning
- master classes for local government staff (in collaboration with Local Government Managers Australia, WA Division) and workshops for councillors (in collaboration with the WALGA)
- new regulations under the Local Government Act 1995 and an associated Advisory Standard, which redefine the requirement for local governments in WA to develop a ‘Plan for the Future’
- grants totalling $5.878 million from State Government funds and $2.138 million from Commonwealth Government funds to assist 70 local governments implement improved long-term strategic planning and improved infrastructure asset management, and 63 local governments to develop long-term financial plans.

In early 2012, an independent evaluation of the capacity building program and the extent to which the objectives of the program were being met was undertaken. The report indicated that:

- 85 per cent of local government representatives surveyed expected their local government to be compliant with the integrated planning and reporting requirements by 1 July 2013
- 83 per cent of those surveyed believed that the program has increased awareness of integrated planning
- 63 per cent believed that they have improved asset management practices as a result of the program
- 73 per cent believed that the program has increased local government capacity to provide financially sustainable services to the community.
The Department will undertake further capacity building initiatives in 2012–2013, including support for local governments to incorporate workforce planning into their Corporate Business Plan.
SERVICE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR

LEGISLATIVE DEVELOPMENT AND REVIEW

In 2011–2012, the Department continued the development and enactment of various legislative amendments to improve the operation of Acts administered by it. This included amendments to the Local Government (Administration) Regulations 1996 that were gazetted on 26 August 2011 to 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. These new planning requirements will come into effect on 30 June 2013.

PRINCIPAL LEGISLATION

Local Government Act 1995

The Local Government Amendment Act 2012 was assented to on 4 April 2012. The amendments include:

- new elected member qualification requirements
- a head of power to restrict local government investments
- a new mechanism for the temporary suspension of a council
- giving the Salaries and Allowances Tribunal jurisdiction to determine the fees and allowances for elected members and remuneration of local government chief executive officers (CEOs).

Cat Act 2011

The Cat Act 2011 received Royal Assent on 9 November 2011. When the Act becomes fully operational in November 2013, all cat owners will be required to sterilise, microchip and register their cats.

Regulations are currently being developed to be in place by the commencement of the administration provisions on 1 November 2012.

Funding has been allocated in 2012–2013 to provide assistance to pensioners and low income earners with the cost of cat sterilisation. This will be made in the form of grants to local governments and other organisations.

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

Drafting has been carried out to repeal the obsolete City of Fremantle and Town of East Fremantle 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.
SERVICE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR CONTINUED

SUBSIDIARY LEGISLATION

In addition to the cat regulations, the following regulations were developed.

**Local Government (Audit) Regulations 1996 – Local Government (Audit) Amendment Regulations 2011**

In line with the government’s objective of reducing red tape, further priority reform amendments to the compliance audit return provisions of the Local Government (Audit) Regulations 1996 were gazetted in December 2011 to reduce the size of the compliance audit return from 27 pages to eight pages.

**Local Government (Administration) Regulations 1996 - Local Government (Administration) Amendment Regulations (No.2) 2011**

A key recommendation of the Local Government Reform Steering Committee was also realised on 26 August 2011 with the gazetwal of new strategic community planning and corporate business planning requirements for local governments. These new planning requirements will come into effect on 30 June 2013.


The amendments to the Local Government (Financial Management) Regulations 1996 gazetted on 20 April 2012:

• prescribe limitations on local government investment practices
• allow amalgamated local governments to levy differential general rates by specified town or district
• through new financial ratios, link integrated planning with auditing of asset and financial management key performance indicators
• mandate application of fair value to local government financial reporting of assets.

**Local Government (Functions and General) Regulations 1996 – Local Government (Functions and General) Amendment Regulations 2011**

Amendments to the Local Government (Functions and General) Regulations, gazetted on 27 September 2011, increased the monetary thresholds at which a council must consult on a business plan for major land transactions and major trading undertakings.
Local Government (Uniform Local Provisions) Regulations 1996

Regulations are being developed to provide for uniform local laws in relation to:

- notice for building or altering buildings
- materials deposited on streets without a licence
- hoardings and materials placed without licences
- footpaths to be covered and damage done to footpaths and drains, for example, during building.

These will replace and update provisions in the Local Government (Miscellaneous Provisions) Act 1960 that are repealed by the Building Act 2011.

LOCAL LAWS

In 2011–2012, a total of 102 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 16-2012 on the revised statutory procedures checklist for the making and adoption of local laws was issued on 22 June 2012 to update local governments on the mandatory statutory requirements of local law-making procedures.

Three gazetted local laws were disallowed by Parliament:

- Town of Kwinana Extractive Industries Local Law 2011
- Shire of Kellerberrin Parking and Parking Facilities Local Law 2011
- City of Gosnells Waste Local Law 2011.

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, Mayors and Presidents Support Program, monitoring activities, councillor support visits and Indigenous Support Programs.

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. This program is a joint initiative between the Department and Local Government Managers Australia (WA Division). Local Government Managers Australia administers the program and this year, four first-time CEOs participated in the program.

FINANCIAL, GOVERNANCE AND COMPLIANCE SUPPORT

The Department has a suite of assessment programs that enables the financial health of all local governments to be monitored. Feedback was
SERVICE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR CONTINUED

provided to each local government on the finance and compliance matters raised through the course of the assessments.

The Department’s monitoring of local governments’ annual budgets identified instances where local governments imposed rates and minimum rate payments and service charges that did not conform to statutory limits and restrictions contained in the Local Government Act 1995. Based on legal advice and with Ministerial approval, the State Solicitor’s Office was instructed to undertake proceedings through the State Administrative Tribunal to have these rates and services charges quashed. The Department subsequently assisted the 23 affected local governments to reimpose the quashed rates within statutory limits and restrictions.

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

Amendments to the Local Government (Audit) Regulations 1996, gazetted on 30 December 2011, reduced the areas of compliance covered by the compliance audit return to those matters considered high risk, resulting in a reduction in the size of the 2011 compliance audit return from the previous 27 pages to eight pages, representing a total reduction in the number of questions by more than 77 per cent.

Further complementary changes to the Local Government (Audit) Regulations 1996 are proposed in 2012 to expand the current role of local government audit committees. It is proposed that the audit committees’ role will additionally encompass the annual review of areas such as risk management, internal control and legislative compliance.

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 departmental 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.

The Department held its bi-annual Indigenous Councillors Conference in March. Twenty-one councillors attended, representing 10 local governments: Broome, Nganyiyarrajaku, Menzies, Halls Creek, Yalgoo, Laverton, Wyndham East Kimberley, Shark Bay, Coolgardie and Wiluna.

The three-day conference included sessions on the three levels of government, roles of council, councillors and the chief executive officer, as well as meeting process and decision making.
SERVICE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR CONTINUED

The Department is also working with the Australian Electoral Commission and the Western Australian Electoral Commission 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, Local Government, Arts and Sport 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.

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 2011–2012, 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:

- Application of Fair Value to WA Local Government Financial Reporting

The Department also added a frequently asked questions section to its website.

LOCAL GOVERNMENT ELECTIONS

Local government elections were held across the State on 15 October 2011. In addition to providing support and advice to local governments preparing for the elections, the Department implemented a broad communications strategy in the three months leading up to the local government elections. The strategy was aimed at: promoting the elections, encouraging candidates to stand for council and increasing voter participation.
The following publications were produced and distributed ahead of the elections to assist members of the public, as well as future and current councillors:

- Standing for Council—Information for Candidates
- Frequently Asked Questions About Your Local Government Elections
- Local Government in Western Australia—A Guide for Indigenous Communities
- Your Community—Your Local Government
- Returning Officer’s Manual
- Standing for Council DVD and PowerPoint Presentation.

Publications promoting Indigenous participation were sent to all local governments with Indigenous communities in their districts, all Indigenous corporations, land and sea councils, and the Department’s Indigenous Support Officer visited or directly distributed information to 12 communities across the State.

While the number of female elected members exceeded 30 per cent for the first time in 2009 at 30.5 per cent, this achievement was maintained at a marginally lower percentage in 2011, with females accounting for 30.3 per cent of all elected members.

Twenty-nine Indigenous candidates sought election and 21 were successful, taking the number of Indigenous councillors in Western Australia from 26 to 32. Almost 60 per cent of all Indigenous elected members are now female, increasing from 43 per cent following the 2009 elections.

Voter turnout was 30.5 per cent (this is calculated using the number of the State’s voters as a percentage of the State’s eligible electors in wards where a contested election was held). The turnout is a gross figure across the State and there were significant differences between local governments and even between wards within local governments.

Shire of Cue

Hon Paul Omodei was appointed as Commissioner to the Shire of Cue in April 2011, following the resignation of councillors that reduced the number holding office to three, less than half the number of seven offices on the council. The Governor’s Order appointing Commissioner Omedei also set Saturday 31 March 2012 as the election day to fill the seven offices on the council. This was amended in February to reschedule the elections to Saturday 29 April 2012.

A total of 17 candidates nominated for the seven offices. In all, 129 of 186 eligible electors were recorded as casting a vote, resulting in a turnout rate of 69.35 per cent. An entirely new council was elected, with no candidates from the previous council or past councils being successful.

Extraordinary Elections

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 20 extraordinary elections were conducted between October 2010 and 30 June 2011.
SERVICE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR CONTINUED

MONITORING AND COMPLIANCE OF LOCAL GOVERNMENT

COMPLAINTS RESOLUTION

Complaints received about local governments fall into three distinct categories:

- general complaints
- serious complaints
- minor complaints (determined by the Local Government Standards Panel for which the Department provides administrative support).

Each category is defined by the requirement to follow a different legislative process for each type of complaint.

In 2011–2012, the Department received 239 new complaints and completed 226. This compares with 232 complaints received and 235 completed in the previous 2010–2011 financial year.

During this financial year, the Department completed 226 complaints that contained 252 allegations. These were categorised as 179 general allegations, 15 allegations of serious breach, 57 minor breach allegations and one personal information disclosure.

In the previous 2010–2011 financial year, the Department completed 235 complaints, containing a total of 330 allegations.

Complaints Finalised

This financial year the Department finalised 62 per cent of all complaints within 90 working days (excluding complaints of minor breach which are dealt with by the Local Government Standards Panel), with 78 per cent finalised within 12 months.

Complaints received and finalised per month in 2011–2012

<table>
<thead>
<tr>
<th>Months</th>
<th>Received</th>
<th>Completed</th>
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<tbody>
<tr>
<td>July</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>25</td>
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<td>January</td>
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<tr>
<td>March</td>
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<td>April</td>
<td>20</td>
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<tr>
<td>May</td>
<td>25</td>
<td></td>
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<tr>
<td>June</td>
<td>30</td>
<td></td>
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</tbody>
</table>
SERVICE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR

Source of Complaints

The category labelled ‘Other’ includes correspondence from other State Government agencies including the Corruption and Crime Commission as well as any uncategorised source of complaints. ‘Council’ includes chief executive officers (CEOs), presidents, councillors, deputy presidents and all other employees of the local government.

In the previous 2010–2011 financial year, members of the public were the most common source of complaints. These complaints customarily report as ‘General’ complaints. During the 2011–2012 financial year, the percentage of complaints made by council members rose, while complaints made by members of the public fell.

Source of complaints received 2011–2012

- Members of the public: 40%
- Council: 34%
- Other: 26%

Persons of interest within complaints 2011–2012

- Local governments: 39%
- Members of public: 47%
- Elected members: 1%
- Local government Employees: 13%
One complaint can contain multiple persons of interest. The ‘persons of interest within complaints’ graph shows the percentage of complaints made against particular categories of persons, which include:

- employees of a local government
- local governments
- elected members (councillors and former councillors of a local government)
- members of the public.

These charts represent all three types of complaints, those being general, serious and minor. The percentage is based on the number of persons in each individual complaint and may be made against the same person in multiple allegations and/or complaints.

Complaints Analysis

General Complaints

General complaints encompass 83 per cent of all complaints received by the Department and are defined as those that do not fall under the provisions of the Local Government (Rules of Conduct) Regulations 2007. Those complaints were dealt with in a number of ways. The following table provides a breakdown of the types of allegations received under this category, including a list of outcomes of the various methods used to deal with these complaints.
## Service 2: Strengthen Good Governance in the Local Government Sector

General complaints 2011–2012: Allegations closed between 1 July 2011 and 30 June 2012

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<tbody>
<tr>
<td>Advice provided, no further action required by the Department</td>
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<td>2</td>
<td>1</td>
<td>7</td>
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<td>24</td>
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<td>22</td>
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<tr>
<td>No jurisdiction to act, no role for Department or minister</td>
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<td>Referred to local government for other action</td>
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</tbody>
</table>
SERIE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR CONTINUED

Serious/Minor Complaints

The Local Government (Official Conduct) Amendment Act 2007 became operational in October 2007. This new legislation focused on providing avenues for dealing with allegations specifically concerning councillor misconduct. The legislation provided for the referral of minor breaches to the Local Government Standards Panel or in the case of serious breaches, referral to the State Administration 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.

Complaints of serious breach accounted for three per cent of governance complaints for the financial year.

| Complaints of serious breach 2011–2012 for serious official conduct projects |
|-------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| After disclosure of s. 5.60 interest, member participated in meeting without being allowed under s. 5.66 or s. 5.69 | 1 | 3 | 4 |
| Failure to disclose financial interest or a proximity interest before or at council or committee meeting | 6 | 2 | 8 |
| Improper use of information to gain advantage or to cause detriment | 3 | | 3 |
| **Total** | **1** | **12** | **2** | **15** |
SERVICE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR

LOCAL GOVERNMENT STANDARDS PANEL

In October 2007, the Local Government Act 1995 was amended by the Local Government (Official Conduct) Amendment Act 2007 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 Local Government Standards Panel.

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

AUTHORISED INQUIRY INTO THE CITY OF CANNING

On 9 February 2012, the Minister, in accordance with section 8.3(3) of the Local Government Act 1995 directed Director General Jennifer Mathews to commence an Authorised Inquiry into the City of Canning. The terms of reference were:

1. Implementation of council resolutions by the City of Canning Chief Executive Officer, Mr Mark Dacombe

2. Council’s relationship with, and management of, the City of Canning Chief Executive Officer, Mr Mark Dacombe

3. The appointment of executive and other employees at the City of Canning from 23 February 2009 and the appropriateness of the processes used for those appointments

4. The conduct of council members and employees of the City of Canning, including but not limited to:
   a. tendering, purchasing and procurement, and contract management
   b. improper or undue influence
   c. behaviour at council meetings.

5. The adequacy of the City of Canning’s procedures, including but not limited to:
   a. transparency of decision making, information provided to Council members, and recording of Council decisions
   b. the conduct of Council meetings, including observance of relevant legislation and protocols.

6. Whether the City of Canning has provided good government in respect of these matters

7. Any other issue that is determined to be of relevance to the above.

The Inquiry expects to provide the Minister with its report in the December quarter of 2012.
SERVICE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR CONTINUED

LEGISLATIVE SUPPORT

During the 2011–2012 financial year, the Department has dealt with 50 statutory approvals relating to the Local Government Act 1995. These approvals related to the following provisions of the Act:

- s5.7(1) Reduced Quorum
- section 5.7 (2) Reduced Number of Officers for Absolute Majority
- s5.69 Approval to Participate
- s2.25 Leave of Absence.

CASE STUDY: FAIR VALUE ACCOUNTING

The introduction of Integrated Planning and Reporting (IPR) in WA, as part of the State Government’s Local Government Reform Program, provides for a process to ensure that across the sector:

- there are financial planning systems that accurately demonstrate a local government’s capacity to deliver services and manage assets that can sustain their communities into the future
- effective asset management systems exist with the rigour of process and integrity of data to accurately reflect true asset management costs.

Fair value accounting is essential to good asset management practices and robust long-term financial planning, with the value of assets and their associated maintenance, renewal or replacement costs reported at fair value so that the long-term sustainability of local government can be addressed.

Fair value is generally defined as “the amount for which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable and willing parties” (Accounting Standards Board Accounting Standard (ASSB) 116). The use of fair value in financial reporting is, therefore, considered to provide a more accurate measure of the value of community assets and liabilities than historical cost.
Service 2: Strengthen Good Governance in the Local Government Sector

Australian Accounting Standards allow the option to report assets and liabilities in general purpose financial statements at either cost or fair value. While historical cost is widely used, it does not reflect the current value of a local government’s assets and liabilities. Western Australia was understood to be the only jurisdiction not to mandate the use of fair value.

A policy paper was prepared in consultation with the Western Australian Local Government Association and Local Government Managers Australia (WA Division) that proposed that the Local Government (Financial Management) Regulations 1996 be amended to mandate the use of fair value by local governments in this State. With the Minister’s approval, the Local Government (Financial Management) Regulations 1996 were amended in April 2012 to provide this mandate.

The change will be phased in over a three-year period to allow local governments sufficient time to revalue assets, so that all assets can be reported at fair value by 30 June 2015. Ongoing revaluation of assets will also be required every three years.

The mandating of fair value accounting will ensure a consistent approach to the valuation of assets and the reporting of those values in annual financial reports and asset management plans. Financial and asset ratios will also more accurately reflect the sustainability of local governments and allow more meaningful comparisons across the sector.

The Department will form an industry-based working group in 2012–2013 to provide further guidance and assistance to assist the sector with implementation issues.
SERVICE 3: PROMOTION AND SUPPORT OF MULTICULTURALISM IN WESTERN AUSTRALIA

OFFICE OF MULTICULTURAL INTERESTS

Western Australia is one of the most culturally diverse states in Australia and is home to people from more than 200 countries, speaking as many as 270 languages and identifying with more than 100 religious faiths. The 2011 Census has shown that 30.7 per cent of the Western Australian population is overseas born.

The role of the Office of Multicultural Interests is to highlight the benefits of the multicultural community and respond to any challenges that it presents. It does this through its work in supporting the development of State Government policies and programs to promote cultural diversity and improve services to Western Australians from culturally and linguistically diverse backgrounds.

The office provides strategic leadership on multicultural issues 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:

- Participation—Ensure full participation of culturally and linguistically diverse (CaLD) communities in social, economic and cultural life
- Equity—Remove the barriers to equity experienced by CaLD communities
- Promotion—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. The office works to achieve the objectives through three teams—Policy and Strategy, Community Engagement and Promotions—and over the past year, the office has achieved the following.

POLICY AND STRATEGY

The office developed and implemented an innovative online cultural competency training package for the WA public sector. DiverseWA was launched by the Minister in October 2011 and has attracted more than 1600 public sector (including local government) registrations and will become mandatory training for a number of State Government agencies.

DiverseWA raises awareness of issues concerning culturally and linguistically diverse communities and has achieved a number of outcomes. The online training is:

- an innovative ‘one-stop’ training package which responds to a longstanding community demand on government for better service delivery
SERVICE 3: PROMOTION AND SUPPORT OF MULTICULTURALISM IN WESTERN AUSTRALIA CONTINUED

- making cost efficient, free training available to 152,000 WA public sector employees and 14,500 local government employees at 17 cents per employee
- delivering efficiencies by reducing training costs and lost productivity
- has generated interest from the Australian and other State governments, and the private and community sectors.

The Shire of Dalwallinu Repopulation Project has been supported by a Perth working group chaired by the office. The project is aiming to re-settle families in the Shire of Dalwallinu to support the ongoing viability of the shire’s towns and develop a model for re-settling migrants in other regional areas.

The provision of effective interpreting and translating services ensures equitable access to government services. The first stage of a comprehensive review of the WA Language Services Policy 2008 was completed and the report published on the office website. Community consultations will inform the second stage and result in a contemporary Language Services Policy with detailed guidelines to ensure equitable access to public sector services.

An online, searchable database, the Catalogue of Settlement Services and Programs for Migrants and Humanitarian Entrants in Western Australia, was developed. The catalogue ensures that people who have entered Australia through the Humanitarian Program are aware of and can access the support services they need.

Public sector utilities, Alinta Gas, Synergy and the Water Corporation, will improve their customer service and communications with CaLD communities through use of the Utilities Support Package—an information tool and train-the-trainer kit. The office initiated the project and provided significant guidance in its development.

COMMUNITY ENGAGEMENT

A Community Engagement Strategy was implemented in 2010 and, since then, consultations have been held on employment, transport, supporting families and regional issues in Karratha, Port Hedland, Broome, Katanning and Albany. Consultations partners were the Public Sector Commission, Department of Training and Workforce Development, ApprentiCentre, Department of Transport, Transperth, Department for Communities, Department for Child Protection and the local governments of Karratha, Port Hedland, Broome, Katanning and Albany.

Key outcomes include:

- the Public Sector Commission implementing changes to capture a range of data on CaLD representation in the public sector
- the Department of Transport developing a research brief to address the barriers faced by people from CaLD backgrounds obtaining a driver’s licence
- Centrelink services in Katanning now being available fulltime through the Community Resource Centre.
SERVICE 3: PROMOTION AND SUPPORT OF MULTICULTURALISM IN WESTERN AUSTRALIA CONTINUED

An across government funding network for CaLD Communities was established in 2010. The network has held two funding forums in partnership with other agencies including Lotterywest, Healthway, the Department for Communities and the Department of Sport and Recreation. The forums provided community members with information on how to access funding and allowed them to discuss project ideas with funders. This resulted in six CaLD groups receiving funding from the Department of Sport and Recreation and one CaLD group receiving funding and three applications being assessed by the Department for Communities.

In 2011–2012, $1.409 million in funding was administered by the office to assist community and non-government organisations to develop programs and services for the CaLD community. Grants include:

- Community Grants Program (CGP)
- Ethnic Organisation Fund (EOF)
- Celebrate WA—Celebrate WA is a non-government organisation celebrating the outstanding talent WA has to offer and developing events that are inclusive of all communities from metropolitan to regional and remote
- Australia Day Council Western Australia (ADCWA)—The council delivers programs and services that recognise and promote WA's cultural and linguistic diversity, civic contribution and citizenship
- Grants to Enhance Multicultural Outcomes—An additional $100,000 has been allocated to enhance multiculturalism by supporting key not-for-profit organisations and community groups
- National Accreditation Authority for Translators and Interpreters (NAATI)—NAATI is the national standards and accreditation body for translators and interpreters and is the only agency that issues accreditations for practitioners who wish to work in this profession in Australia. NAATI is co-owned by the Commonwealth Government and all State and Territory Governments.

The Community Grants Program (CGP) is designed to be a practical statewide funding source that empowers CaLD communities. CGP funds projects and events that:

- build the capacity of CaLD communities in settlement support for new and emerging groups, housing, employment, language, education, health, transport, safety and aged care
- increase interaction between CaLD communities and the wider community through multicultural programs and events that promote the benefits of cultural diversity to the Western Australian community.

CGP funding of $250,000 for 2011–2012 provided for 30 grants, five in regional areas and 25 in the Perth metropolitan area, which delivered:

- 14 events and celebrations
- six Harmony Week events, including one each in Geraldton and Margaret River
- two conferences
- three language and life skills projects
SERVICE 3: PROMOTION AND SUPPORT OF MULTICULTURALISM IN WESTERN AUSTRALIA CONTINUED

- one cross-cultural camp
- three capacity building projects targeting CaLD women, CaLD carers and rural employment opportunities
- one sponsorship of a major sporting tournament.

The Ethnic Organisations Fund (EOF) was established in 2009 to support organisations specifically formed to deliver services to CaLD communities. A key feature is a focus on practical projects that build the capacity of Western Australia’s CaLD communities. The three funded community services for 2009–2012 were:

- Coalition for Asylum Seekers, Refugees and Detainees
- Edmund Rice Centre
- Metropolitan Migrant Resource Centre.

PROMOTION

The Western Australian Multicultural Community Services Awards for 2012 showcased and recognised the achievements of individuals, organisations and businesses in our diverse community. The awards attracted more than 200 guests, including representatives from the consular corps, the business sector and the community. The Business Migrant of the Year Award went to brothers, Shahyar and Faryar Gorjy, who moved to Australia in the 1970s, for achievements in the building and property development industry through their company, Yaran Pty Ltd.

The success of Harmony Week (15–21 March) and promotion of the Western Australia’s cultural diversity and its many benefits was supported through improved, up-to-date educational materials for the public sector, local governments, schools, universities and communities.

The Western Australian community is increasingly accessing information on diversity through the OMI website with an average of 15,697 visits each month in 2011–2012, an increase on the previous year which averaged 10,938 monthly visits. More than 200 multicultural community events were listed on the calendar of events. This provided Western Australians with a list of events to attend and promoted the awareness and value of cultural diversity.

The office was involved in Commonwealth Heads of Government projects such as Nomad Two Worlds and the Commonwealth Festival, liaising with relevant community groups and contributing to publications including ‘Think Big—Invest in Australia’s West’ and ‘Extraordinary Western Australia’. This resulted in a showcasing of WA’s CaLD communities nationally and internationally.
The Diverse WA online cultural competency training package assists public sector and local government staff to develop knowledge, skills and awareness to work effectively with people from culturally and linguistically diverse backgrounds.

Developed by the Office of Multicultural Interests in partnership with the Public Sector Commission and the Mental Health Commission, the interactive online package helps employees to communicate effectively with people from diverse backgrounds in workplaces and can help them to better understand the needs of their clients. Western Australia is one of the most diverse states in Australia and is home to people from more than 200 countries who speak over 270 languages and identify with 100 religious faiths. This diversity is reflected in the public sector and local government workforce and presents many opportunities and challenges.

Diverse WA, which was launched by Citizenship and Multicultural Interests Minister Hon John Castrilli MLA in October 2011, has been received positively by government departments and agencies and local governments. More than 1600 public sector staff have registered to complete Diverse WA and the package will become mandatory training for a number of State Government agencies.

Diverse WA comprises several modules which cover:

- the theory, practice and benefits of cultural competency
- an introduction to WA demographic diversity and government policies that support this
- effective interpersonal and intercultural engagement and communication
- working with interpreters and translators.

The training is delivered online, giving participants the flexibility to complete the modules when convenient and learn at their own pace, and allows the content to be continually improved, modified and updated.

Public sector and local government employees can access Diverse WA via www.diversewa.omi.wa.gov.au
ACTUAL RESULTS VERSUS BUDGET TARGETS

FINANCIAL TARGETS

The following is a summary of the financial performance and position of the Department as at 2011–2012. The summary is based on the following information provided in the Department’s Statement of Comprehensive Income and Statement of Financial Position.

<table>
<thead>
<tr>
<th>Description</th>
<th>2011–2012 Target $000</th>
<th>2011–2012 Actual $000</th>
<th>Variation $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost of services (expense limit) (Source: Statement of Comprehensive Income)</td>
<td>28,187</td>
<td>22,583</td>
<td>(5,604)</td>
</tr>
<tr>
<td>Net cost of services (Source: Statement of Financial Position)</td>
<td>26,983</td>
<td>21,277</td>
<td>(5,706)</td>
</tr>
<tr>
<td>Total equity (Source: Statement of Financial Position)</td>
<td>14,227</td>
<td>21,378</td>
<td>7,151</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash held (Source: Statement of Cash Flows)</td>
<td>67</td>
<td>1,540</td>
<td>1,473</td>
</tr>
<tr>
<td>Approved full time equivalent (FTE) staff level</td>
<td>120</td>
<td>114.6</td>
<td>(5.4)</td>
</tr>
</tbody>
</table>
ACTUAL RESULTS VERSUS BUDGET TARGETS CONTINUED

KEY PERFORMANCE INDICATORS SUMMARY

| OUTCOME 1: To build the capability of the local government sector to deliver economic and social services to communities. |
|---|---|---|---|
| EFFECTIVENESS INDICATORS | | | | |
| Improvement in local government’s capability to enable the fulfilment of their responsibility to communities: | | | | |
| • Proportion of local governments meeting the full set of 4 capability elements at a basic level | 1.4 % | 4–9 % | 4 % | |
| • Proportion of capability elements met at the basic level across all local governments | 33.8 % | 38–46 % | 38 % | |
| Stakeholder satisfaction rating with the services provided by the Department to build capability in local government: | 79 % | 80 % | 73 % | |
| EFFICIENCY INDICATORS | | | | |
| Service 1: Build the Strategic Capability of the Local Government Sector | | | | |
| o Average cost of advice and support to develop local government capability. | $41,376 | $54,106 | $44,690 | Note 1 |
| Service 2: Strengthen Good Governance in the Local Government Sector and provide Effective Regulation | | | | |
| o Cost of support services per local government. | $27,704 | $23,934 | $21,469 | Note 2 |
| o Average cost per inquiry and investigation | $2,737 | $2,485 | $4,444 | Note 3 |
| o Average cost per monitoring per local government | $16,248 | $15,921 | $17,941 | Note 2 |
### Actual Results Versus Budget Targets Continued

| Outcome 2: A Western Australian public sector which practices the principles of multiculturalism and the empowerment of culturally and linguistically diverse communities to fully participate in Western Australian life. |
|---|---|---|---|
| **EFFECTIVENESS INDICATORS** | | | |
| Proportion of public sector agencies that accept and practise the principles of multiculturalism: | | | |
| • Perception of public sector agencies | 43 % | 70 % | 76 % |
| • Perception of culturally and linguistically diverse community groups | 66 % | 70 % | 89 % | Note 4 |
| **EFFICIENCY INDICATORS** | | | |
| Service 3: Promotion and Support of Multiculturalism in Western Australia | | | |
| • Average cost per policy project/initiative for multiculturalism | $45,867 | $56,588 | $87,122 | Note 5 |

### Notes:
1. Cost of support per local government were higher than targeted due to the reassessment of funding requirements which repositioned funds from the 2011–2012 into the forward years.
2. When compared to the original costing budget allocation for each efficiency indicator, the actual classification of cost centre expenditure across the Service has resulted in a redistribution of costing allocations against each efficiency indicator.
3. Number of inquiries and investigations were lower than estimated.
4. The increase in the overall net satisfied/positive result beyond expectation is to some extent due to introducing an easier to understand labelled survey ratings scale and increased qualification of the customer list to ensure relevant stakeholders were surveyed.
5. The increase is due to the Office of Multicultural Interests undertaking fewer, more strategic projects in line with the office’s Strategic Plan.
SERVICE 1: BUILD THE STRATEGIC CAPABILITY OF THE LOCAL GOVERNMENT SECTOR

The Department will continue to progress the State Government’s Local Government Reform Strategy which aims to:

- create fewer but stronger more regionally focused local governments
- build a local government sector with the capacity to plan strategically
- deliver optimal services to meet community needs throughout Perth and regional Western Australia.

Regional Transition Groups and Regional Collaborative Groups have completed business plans that identify the costs and benefits of progressing towards amalgamation or greater regional collaboration. The Department will continue to work with these groups to achieve appropriate structural reforms that will deliver tangible benefits to their communities.

As a result of the capacity building initiatives undertaken since 2010, all local governments are now committed to long-term strategic planning for the future of their communities, using 10-year time horizons for their Strategic Community Plans and four-year horizons for their Corporate Business Plans. The Department will continue to assist local governments to work towards meeting the new integrated planning and reporting regulations that come into effect in 2013. A major priority will be to support all local governments in developing workforce plans, which, together with asset management plans and long-term financial plans, link directly to the implementation of their Strategic Community Plans and Corporate Business Plans. The Department will also be working with other key agencies to facilitate greater alignment between State agency strategic planning processes and local government integrated planning.

The provision of better municipal services to the State’s Indigenous communities is another important challenge. The Department will continue to work with local governments and relevant State agencies towards achieving new arrangements with the Commonwealth Government for the provision of municipal services that meet the diverse needs of these Indigenous communities, as well as ensuring that local governments will have the capacity to deliver these services.

The Metropolitan Local Government Review generated considerable public interest and comment on possible reforms to local government boundaries and governance arrangements. While the State Government has yet to formulate its response to the panel’s report, the challenges for the Department in the wake of the review include:

- managing any subsequent transition processes associated with the reform
- providing further advice to the State Government on related policy issues arising from the review.
SERVICE 2: STRENGTHEN GOOD GOVERNANCE IN THE LOCAL GOVERNMENT SECTOR

The State Government has also introduced important reforms to support good governance in the sector and to streamline compliance.

Those reforms have included passage of key amendments to the Local Government Act 1995 including:

- requiring elected members to resign upon election into Parliament and aligning criminal conviction criteria for elected members with that of WA Members of Parliament
- providing a head of power to create regulations to restrict the types of financial products that local governments can invest funds into
- introducing a mechanism for the temporary suspension of a council
- enabling the Salaries and Allowances Tribunal to determine the levels of fees and allowances for elected members, as well as to make binding determinations on remuneration of local government Chief Executive Officers (CEOs).

In its report ‘Reducing the Burden’ the Red Tape Reduction Group recommended changes to the Compliance Audit Return that is completed by local governments. In response the Minister approved a rationalisation and reduction of the annual Compliance Audit Return from 27 to eight pages.

Approximately 5,000 cats are euthanised each year in WA. Most of these cats are stray or unwanted offspring of owned cats. The Cat Act 2011 is a new legislative initiative and is aimed at encouraging responsible cat ownership.

Looking ahead, the Department will assist the Minister to progress a number of important initiatives in 2012–2013 including amendments to the Dog Act 1976 and establishing a new mechanism to resolve minor complaints about elected member conduct at a local level.
SERVICE 3: PROMOTION AND SUPPORT OF MULTICULTURALISM IN WA

Western Australia is a multicultural society with 30.7 per cent of its citizens born overseas (Census 2011), speaking more than 270 languages and identifying with more than 100 religious faiths. The multicultural community plays an important role in enhancing the State’s cultural, social and economic advantage.

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.

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.

A key challenge is for multiculturalism to be understood and embraced by all Western Australians, including government, communities and businesses, to ensure a continuation of an inclusive and cohesive society that benefits everyone.
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 2012, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

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 2012 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.

Report on Controls

I have audited the controls exercised by the Department of Local Government during the year ended 30 June 2012. Controls exercised by the Department of Local Government are those policies and procedures established by the Director General to ensure 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.

Director General’s Responsibility for Controls

The Director General is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer’s Instructions, and other relevant written law.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Department complies with the legislative provisions. The procedures selected depend on the auditor’s judgement and include an evaluation of the design and implementation of relevant controls.
I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

**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 during the year ended 30 June 2012.

**Report on the Key Performance Indicators**
I have audited the key performance indicators of the Department of Local Government for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

**Director General’s Responsibility for the Key Performance Indicators**
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 and for such controls as the Director General determines necessary to ensure that the key performance indicators fairly represent indicated performance.

**Auditor’s Responsibility**
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 and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Director General’s preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

**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 2012.

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

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**
This auditor’s report relates to the financial statements and key performance indicators of the Department of Local Government for the year ended 30 June 2012 included on the Department’s website. The Department’s management are responsible for the integrity of the Department’s website. I have not been engaged to report on the integrity of the Department’s website. The auditor’s report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy contained in this website version of the financial statements and key performance indicators.

GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
7 September 2012
FINANCIAL STATEMENTS

DISCLOSURES AND LEGAL COMPLIANCE

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the 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 2012 and the financial position as at 30 June 2012.

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.

Alan Shaw  
Chief Finance Officer  
3 September 2012

Jennifer Mathews  
Accountable Authority  
3 September 2012
### Statement of Comprehensive Income

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

**COST OF SERVICES**

*Expenses*
- Employee benefits expense: 6 - 11,926, 11,641
- Supplies and services: 7 - 2,945, 3,112
- Depreciation and amortisation expense: 8 - 26, 49
- Accommodation expenses: 9 - 1,875, 1,509
- Grants and subsidies: 10 - 5,790, 11,774
- Loss on disposal of non-current assets: 11 - 17, -
- Other Expenses: 12 - 4, 1

**Total Cost of Services**
- 22,583, 28,086

**Income**

- Commonwealth grants and contributions: 13 - 889, 1,477
- User charges and fees: 14 - -13
- Other revenue: 15 - 417, 353

**Total Revenue**
- 1,306, 1,843

**Total Income Other Than Income from State Government**
- 1,306, 1,843

**Net Cost of Services**
- 21,277, 26,243

**Income from State Government**
- Service appropriation: 16 - 19,434, 20,045
- Royalties for Regions: 19,735, 6,610
- Resources received free of charge: 485, 363

**Total Income from State Government**
- 25,654, 27,018

**Surplus/Deficit for the Period**
- 4,377, 775

**Other Comprehensive Income**
- -

**Total Comprehensive Income for the Period**
- 4,377, 775

Refer to the ‘Schedule of Income and Expenses by Service’. The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

### Statement of Financial Position

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

**ASSETS**

- **Current Assets**
  - Cash and cash equivalents: 27 - 18,067, 18,641
  - Restricted cash and cash equivalents: 17 - 5,985, 3,916
  - Receivables: 18 - 582, 801
  - Amounts receivable for services: 19 - 103, 103

**Total Current Assets**
- 24,737, 23,461

- **Non-Current Assets**
  - Restricted cash and cash equivalents: 17 - 285, 240
  - Amounts receivable for services: 19 - 445, 488
  - Property, plant and equipment: 20 - 108, 45
  - Intangible assets: 21 - 103, 24

**Total Non-Current Assets**
- 941, 797

**Total Assets**
- 25,678, 24,258

**LIABILITIES**

- **Current Liabilities**
  - Payables: 23 - 989, 4,387
  - Provisions: 24 - 2,687, 2,535
  - Other Current Liabilities: 25 - -

**Total Current Liabilities**
- 3,676, 6,927

- **Non-Current Liabilities**
  - Provisions: 24 - 624, 330

**Total Non-Current Liabilities**
- 624, 330

**Total Liabilities**
- 4,300, 7,257

**Net Assets**
- 21,378, 17,001

**EQUITY**

- Accumulated surplus: 26 - 21,378, 17,001

**Total Equity**
- 21,378, 17,001

Refer to the ‘Schedule of Assets and Liabilities by Service’. The Statement of Financial Position should be read in conjunction with the accompanying notes.
STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Note</th>
<th>Contributed equity</th>
<th>Accumulated surplus/ (deficit)</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Opening balance at 1 July 2010</td>
<td>26</td>
<td>-</td>
<td>16,264</td>
</tr>
<tr>
<td>Total Comprehensive income for the year</td>
<td></td>
<td>-</td>
<td>775</td>
</tr>
<tr>
<td>Transactions with owners in their capacity as owners:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to owners</td>
<td>(38)</td>
<td>-</td>
<td>(38)</td>
</tr>
<tr>
<td>Transfer to accumulated surplus</td>
<td>38</td>
<td>(38)</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>-</td>
<td>(38)</td>
</tr>
<tr>
<td>Balance at 30 June 2011</td>
<td></td>
<td>-</td>
<td>17,001</td>
</tr>
<tr>
<td>Opening balance at 1 July 2011</td>
<td>26</td>
<td>-</td>
<td>17,001</td>
</tr>
<tr>
<td>Total Comprehensive income for the year</td>
<td></td>
<td>-</td>
<td>4,377</td>
</tr>
<tr>
<td>Transactions with owners in their capacity as owners:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to owners</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to accumulated surplus</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 30 June 2012</td>
<td></td>
<td>-</td>
<td>21,378</td>
</tr>
</tbody>
</table>

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

STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>CASH FLOWS FROM STATE GOVERNMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service appropriation</td>
<td>19,374</td>
<td>19,985</td>
</tr>
<tr>
<td>Holding account drawdown</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td>Royalties for Regions fund</td>
<td>5,735</td>
<td>6,610</td>
</tr>
<tr>
<td>Distribution of cash to owners</td>
<td>(38)</td>
<td>(20,785)</td>
</tr>
<tr>
<td>Net cash provided by State Government</td>
<td>25,174</td>
<td>5,913</td>
</tr>
<tr>
<td>Utilised as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>(11,439)</td>
<td>(10,783)</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>(2,737)</td>
<td>(3,236)</td>
</tr>
<tr>
<td>Accommodation</td>
<td>(1,643)</td>
<td>(1,509)</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>(9,136)</td>
<td>(13,695)</td>
</tr>
<tr>
<td>GST payments on purchases</td>
<td>(1,366)</td>
<td>(1,834)</td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receipts</td>
<td>424</td>
<td>370</td>
</tr>
<tr>
<td>Receipts from Commonwealth</td>
<td>889</td>
<td>1,549</td>
</tr>
<tr>
<td>GST receipts from Australian Taxation Office</td>
<td>1,425</td>
<td>1,091</td>
</tr>
<tr>
<td>GST receipts on sales</td>
<td>60</td>
<td>176</td>
</tr>
<tr>
<td>Net cash provided by/(used in) operating activities</td>
<td>(27,871)</td>
<td>23,523</td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of non-current physical assets</td>
<td>(111)</td>
<td>(6)</td>
</tr>
<tr>
<td>Net cash provided by/(used in) investing activities</td>
<td>(111)</td>
<td>(6)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>1,540</td>
<td>21,964</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of period</td>
<td>22,797</td>
<td>44,761</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</td>
<td>24,337</td>
<td>22,797</td>
</tr>
</tbody>
</table>

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 2012**

<table>
<thead>
<tr>
<th>COST OF SERVICES</th>
<th>Build the Strategic Capability of the Local Government Sector</th>
<th>Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation</th>
<th>Promotion and Support of Multiculturalism in Western Australia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>4,422</td>
<td>3,968</td>
<td>4,598</td>
<td>5,090</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>1,062</td>
<td>1,274</td>
<td>1,095</td>
<td>1,086</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>9</td>
<td>16</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>Accommodation expenses</td>
<td>665</td>
<td>484</td>
<td>732</td>
<td>686</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>4,623</td>
<td>10,916</td>
<td>-</td>
<td>80</td>
</tr>
<tr>
<td>Loss on disposal of non-current assets</td>
<td>6</td>
<td>-</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Other expenses</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total cost of services</strong></td>
<td>10,789</td>
<td>16,659</td>
<td>6,443</td>
<td>6,964</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commonwealth grants and contributions</td>
<td>764</td>
<td>1,352</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>User charges and fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td>Other revenue</td>
<td>142</td>
<td>112</td>
<td>166</td>
<td>170</td>
</tr>
<tr>
<td><strong>Total income other than income from State Government</strong></td>
<td>906</td>
<td>1,464</td>
<td>291</td>
<td>308</td>
</tr>
<tr>
<td><strong>NET COST OF SERVICES</strong></td>
<td>9,883</td>
<td>15,195</td>
<td>6,152</td>
<td>6,656</td>
</tr>
<tr>
<td><strong>Income from State Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service appropriation</td>
<td>6,914</td>
<td>6,453</td>
<td>7,576</td>
<td>9,096</td>
</tr>
<tr>
<td>Royalties for Regions Fund</td>
<td>5,735</td>
<td>6,610</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Resources received free of charge</td>
<td>172</td>
<td>131</td>
<td>190</td>
<td>155</td>
</tr>
<tr>
<td><strong>Total income from State Government</strong></td>
<td>12,821</td>
<td>13,194</td>
<td>7,766</td>
<td>9,251</td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT) FOR THE PERIOD</strong></td>
<td>2,938</td>
<td>(2,001)</td>
<td>1,614</td>
<td>2,595</td>
</tr>
</tbody>
</table>

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.
### SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE

<table>
<thead>
<tr>
<th>Service</th>
<th>2012 $000</th>
<th>2011 $000</th>
<th>2012 $000</th>
<th>2011 $000</th>
<th>2012 $000</th>
<th>2011 $000</th>
<th>2012 $000</th>
<th>2011 $000</th>
<th>2012 $000</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>243</td>
<td>278</td>
<td>267</td>
<td>391</td>
<td>175</td>
<td>235</td>
<td>24,052</td>
<td>22,557</td>
<td>24,737</td>
<td>23,461</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>233</td>
<td>178</td>
<td>256</td>
<td>251</td>
<td>167</td>
<td>128</td>
<td>285</td>
<td>240</td>
<td>941</td>
<td>797</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>476</td>
<td>456</td>
<td>523</td>
<td>642</td>
<td>342</td>
<td>363</td>
<td>24,337</td>
<td>22,797</td>
<td>25,678</td>
<td>24,258</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>1,083</td>
<td>1,100</td>
<td>1,270</td>
<td>1,203</td>
<td>787</td>
<td>652</td>
<td>536</td>
<td>3,972</td>
<td>3,676</td>
<td>6,927</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>260</td>
<td>131</td>
<td>212</td>
<td>149</td>
<td>152</td>
<td>50</td>
<td>-</td>
<td>-</td>
<td>624</td>
<td>330</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,343</td>
<td>1,231</td>
<td>1,482</td>
<td>1,352</td>
<td>939</td>
<td>702</td>
<td>536</td>
<td>3,972</td>
<td>4,300</td>
<td>7,257</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>(867)</td>
<td>(775)</td>
<td>(959)</td>
<td>(710)</td>
<td>(597)</td>
<td>(339)</td>
<td>23,801</td>
<td>18,825</td>
<td>21,378</td>
<td>17,001</td>
</tr>
</tbody>
</table>

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.
## Summary of Consolidated Account Appropriations and Income Estimates

<table>
<thead>
<tr>
<th></th>
<th>2012 Estimate</th>
<th>2012 Actual</th>
<th>Variance</th>
<th>2012 Actual</th>
<th>2011 Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td><strong>DELIVERY SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 94 Net amount appropriated to deliver services</td>
<td>20,727</td>
<td>19,170</td>
<td>(1,557)</td>
<td>19,170</td>
<td>19,801</td>
<td>(631)</td>
</tr>
<tr>
<td>Royalties for Regions Fund</td>
<td>6,015</td>
<td>5,735</td>
<td>(280)</td>
<td>5,735</td>
<td>6,610</td>
<td>(875)</td>
</tr>
<tr>
<td>Amount Authorised by Other Statutes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Salaries and Allowances Act 1975</td>
<td>264</td>
<td>264</td>
<td>-</td>
<td>264</td>
<td>244</td>
<td>20</td>
</tr>
<tr>
<td>Total appropriations provided to deliver services</td>
<td>27,006</td>
<td>25,169</td>
<td>(1,837)</td>
<td>25,169</td>
<td>26,655</td>
<td>(1,486)</td>
</tr>
<tr>
<td><strong>ADMINISTERED TRANSACTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount provided for Administered grants, subsidies and other transfer payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250</td>
<td>(250)</td>
</tr>
<tr>
<td>Total Administered Transactions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250</td>
<td>(250)</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>27,006</td>
<td>25,169</td>
<td>(1,837)</td>
<td>25,169</td>
<td>26,905</td>
<td>(1,736)</td>
</tr>
<tr>
<td><strong>DETAILS OF EXPENSES BY SERVICE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Build the Strategic Capability of the Local Government Sector</td>
<td>16,800</td>
<td>10,791</td>
<td>(6,009)</td>
<td>10,791</td>
<td>16,659</td>
<td>(5,868)</td>
</tr>
<tr>
<td>Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation</td>
<td>6,236</td>
<td>6,443</td>
<td>207</td>
<td>6,443</td>
<td>6,964</td>
<td>(521)</td>
</tr>
<tr>
<td>Promotion and Support of Multiculturalism in WA</td>
<td>5,151</td>
<td>5,349</td>
<td>198</td>
<td>5,349</td>
<td>4,463</td>
<td>886</td>
</tr>
<tr>
<td><strong>Total Cost of Services</strong></td>
<td>28,187</td>
<td>22,583</td>
<td>(5,604)</td>
<td>22,583</td>
<td>28,086</td>
<td>(5,503)</td>
</tr>
<tr>
<td>Less: total income</td>
<td>(1,204)</td>
<td>(1,306)</td>
<td>(102)</td>
<td>(1,306)</td>
<td>(1,843)</td>
<td>537</td>
</tr>
<tr>
<td>Net Cost of Services</td>
<td>26,983</td>
<td>21,277</td>
<td>(5,706)</td>
<td>21,277</td>
<td>26,243</td>
<td>(4,966)</td>
</tr>
<tr>
<td>Adjustments</td>
<td>23</td>
<td>3,892</td>
<td>3,869</td>
<td>3,892</td>
<td>412</td>
<td>3,480</td>
</tr>
<tr>
<td><strong>Total appropriations provided to deliver services</strong></td>
<td>27,006</td>
<td>25,169</td>
<td>(1,837)</td>
<td>25,169</td>
<td>26,655</td>
<td>(1,486)</td>
</tr>
<tr>
<td><strong>CAPITAL EXPENDITURE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of non-current physical assets</td>
<td>103</td>
<td>111</td>
<td>8</td>
<td>111</td>
<td>6</td>
<td>105</td>
</tr>
<tr>
<td>Adjustment for other funding sources</td>
<td>(103)</td>
<td>(111)</td>
<td>(8)</td>
<td>(111)</td>
<td>(6)</td>
<td>(105)</td>
</tr>
<tr>
<td><strong>Capital appropriations</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Details of Income Estimates</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250</td>
<td>(250)</td>
</tr>
</tbody>
</table>

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 of our multicultural communities to develop good government, economic growth, social wellbeing 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 2012 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 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

The Department is a not-for-profit reporting entity that prepares general purpose financial statements 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 impose legislative provisions that govern 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.

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 administered assets, liabilities, income and expenses on behalf of Government up to 30 June 2011 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’.
(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.

(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 2011–2012 Budget Statements, the Department retained $1.306 million in 2012 ($1.843 million in 2011) 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 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 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 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.

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.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 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.

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.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(j) Financial Instruments

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

- Loans and receivables
- 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.

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.

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) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

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’.

(q) Superannuation Expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation fund.

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 at fair value. Where the resource received represents a service that the Department would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State 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.
NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

5. DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2011 that impacted on the Department.

<table>
<thead>
<tr>
<th>AASB 2009-12</th>
<th>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.</td>
</tr>
<tr>
<td></td>
<td>The operative for reporting periods beginning on/after 1 Jan 2011.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AASB 2010-5</th>
<th>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 &amp; 1038 and Interpretations 112, 115, 127, 132 &amp; 1042] (October 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements.</td>
</tr>
<tr>
<td></td>
<td>There is no financial impact resulting from the application of this revised Standard.</td>
</tr>
<tr>
<td></td>
<td>The operative for reporting periods beginning on/after 1 Jan 2011.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AASB 2010-6</th>
<th>Transfers of Financial Assets [AASB 1 &amp; AASB 7]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>The operative for reporting periods beginning on/after 1 July 2011.</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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 any 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 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. Department of Treasury 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.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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. Department of Treasury 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 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. Department of Treasury 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. Department of Treasury 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

#### AASB 13
**Fair Value Measurement**
This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.
The operative for reporting periods beginning on/after 1 Jan 2013.

#### AASB 119
**Employee Benefits**
This Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments. The Standard was issued in September 2011. The Department of Treasury has not yet determined the application or the potential impact of the Standard.
The operative for reporting periods beginning on/after 1 Jan 2013.

#### AASB 2011-8
**Amendments to Australian Accounting Standards arising from AASB 13** [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]
This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact. The operative for reporting periods beginning on/after 1 Jan 2013.

#### AASB 2011-9
**Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income** [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]
This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Department has not yet determined the application or the potential impact of the Standard. The operative for reporting periods beginning on/after 1 July 2012.

#### AASB 2011-10
**Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)** [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]
This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 *Employee Benefits* in September 2011. The Department has not yet determined the application or the potential impact of the Standard on/after 1 Jan 2013.
### NOTES TO THE FINANCIAL STATEMENTS CONTINUED

#### 6. EMPLOYEE BENEFITS EXPENSE

<table>
<thead>
<tr>
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<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Wages and salaries (a)</td>
<td>9,363</td>
<td>9,232</td>
</tr>
<tr>
<td>Superannuation – defined contribution plans (b)</td>
<td>1,019</td>
<td>964</td>
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<tr>
<td>Long service leave (c)</td>
<td>434</td>
<td>429</td>
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<tr>
<td>Annual leave (c)</td>
<td>973</td>
<td>872</td>
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<tr>
<td>Other employee related expenses</td>
<td>137</td>
<td>144</td>
</tr>
<tr>
<td></td>
<td>11,926</td>
<td>11,641</td>
</tr>
</tbody>
</table>

(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

#### 7. SUPPLIES AND SERVICES

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
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<tr>
<td>Consultants and contractors</td>
<td>1,486</td>
<td>1,712</td>
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<tr>
<td>Services purchased from the Not-For-Profit Sector</td>
<td>236</td>
<td>204</td>
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<tr>
<td>Travel</td>
<td>121</td>
<td>160</td>
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<tr>
<td>Printing and Advertising</td>
<td>178</td>
<td>139</td>
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<tr>
<td>Insurance</td>
<td>76</td>
<td>50</td>
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<tr>
<td>Repairs and maintenance</td>
<td>49</td>
<td>71</td>
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<tr>
<td>Communication</td>
<td>283</td>
<td>138</td>
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<tr>
<td>Consumables</td>
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<td>156</td>
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<tr>
<td>Other</td>
<td>409</td>
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<td></td>
<td>2,945</td>
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#### 8. DEPRECIATION AND AMORTISATION EXPENSE

<table>
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<th>2012</th>
<th>2011</th>
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<td>$000</td>
<td>$000</td>
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<tr>
<td>Depreciation</td>
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<td></td>
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<tr>
<td>Office equipment and furniture</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Computer Hardware</td>
<td>10</td>
<td>33</td>
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<tr>
<td>Plant and Machinery</td>
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<tr>
<td>Total depreciation</td>
<td>19</td>
<td>43</td>
</tr>
<tr>
<td>Amortisation</td>
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<td></td>
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<tr>
<td>Intangible assets</td>
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<td>6</td>
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<tr>
<td>Total amortisation</td>
<td>7</td>
<td>6</td>
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<tr>
<td>Total depreciation and amortisation</td>
<td>26</td>
<td>49</td>
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#### 9. ACCOMMODATION EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
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<td>$000</td>
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<tr>
<td>Lease rentals</td>
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</tr>
<tr>
<td>Other</td>
<td>33</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>1,875</td>
<td>1,509</td>
</tr>
</tbody>
</table>

#### 10. GRANTS AND SUBSIDIES

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Recurrent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country Local Government Fund</td>
<td>1,495</td>
<td>5,809</td>
</tr>
<tr>
<td>Local Government Grants</td>
<td>2,962</td>
<td>5,004</td>
</tr>
<tr>
<td>Office of Multicultural Interests</td>
<td>1,173</td>
<td>773</td>
</tr>
<tr>
<td>Others</td>
<td>160</td>
<td>188</td>
</tr>
<tr>
<td></td>
<td>5,790</td>
<td>11,774</td>
</tr>
</tbody>
</table>
### NOTES TO THE FINANCIAL STATEMENTS CONTINUED

#### 11. NET GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from disposal of non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and equipment</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Costs of disposal of non-current assets</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Net Gain / (Loss)</td>
<td>(17)</td>
<td>-</td>
</tr>
</tbody>
</table>

#### 12. OTHER EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write offs of debts</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Employment on costs</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

#### 13. COMMONWEALTH GRANTS AND CONTRIBUTIONS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurrent</td>
<td>889</td>
<td>1,477</td>
</tr>
</tbody>
</table>

#### 14. USER CHARGES AND FEES

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific permits</td>
<td>-</td>
<td>13</td>
</tr>
</tbody>
</table>

#### 15. OTHER REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refund of grants</td>
<td>360</td>
<td>70</td>
</tr>
<tr>
<td>Other revenue</td>
<td>57</td>
<td>283</td>
</tr>
<tr>
<td></td>
<td>417</td>
<td>353</td>
</tr>
</tbody>
</table>

#### 16. INCOME FROM STATE GOVERNMENT

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation received during the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service appropriations&lt;sup&gt;(a)&lt;/sup&gt;</td>
<td>19,434</td>
<td>20,045</td>
</tr>
<tr>
<td>Resources received free of charge&lt;sup&gt;(b)&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Finance</td>
<td>232</td>
<td>-</td>
</tr>
<tr>
<td>State Solicitors Office</td>
<td>239</td>
<td>308</td>
</tr>
<tr>
<td>Landgate</td>
<td>14</td>
<td>55</td>
</tr>
<tr>
<td>Royalties for Regions Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Country Local Government Fund&lt;sup&gt;(c)&lt;/sup&gt;</td>
<td>5,735</td>
<td>6,610</td>
</tr>
</tbody>
</table>

(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**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalties for Regions Fund((a))</td>
<td>5,974</td>
<td>3,907</td>
</tr>
<tr>
<td>Special purpose accounts</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>(refer to Note 36 [Special purpose accounts])</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total current</strong></td>
<td>5,985</td>
<td>3,916</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued salaries suspense account((b))</td>
<td>285</td>
<td>240</td>
</tr>
<tr>
<td></td>
<td>285</td>
<td>240</td>
</tr>
</tbody>
</table>

(\(a\)) 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 27th pay in a financial year that occurs every 11 years.

18. **RECEIVABLES**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>390</td>
<td>362</td>
</tr>
<tr>
<td>GST receivable</td>
<td>192</td>
<td>439</td>
</tr>
<tr>
<td><strong>Total current</strong></td>
<td>582</td>
<td>801</td>
</tr>
</tbody>
</table>

19. **AMOUNT RECEIVABLE FOR SERVICES**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td><strong>Non current</strong></td>
<td>445</td>
<td>488</td>
</tr>
<tr>
<td></td>
<td>548</td>
<td>591</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Computer Hardware</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>150</td>
<td>170</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(127)</td>
<td>(155)</td>
</tr>
<tr>
<td></td>
<td>23</td>
<td>15</td>
</tr>
<tr>
<td><strong>Office equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>107</td>
<td>170</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(22)</td>
<td>(150)</td>
</tr>
<tr>
<td></td>
<td>85</td>
<td>20</td>
</tr>
<tr>
<td><strong>Plant and machinery</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-</td>
<td>(8)</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>108</td>
<td>45</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Computer Hardware</th>
<th>Office equipment</th>
<th>Plant and Machinery</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>20</td>
<td>10</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>18</td>
<td>84</td>
<td>-</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>5</td>
<td>(5)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>(15)</td>
<td>(5)</td>
<td>(20)</td>
</tr>
<tr>
<td></td>
<td>(10)</td>
<td>(9)</td>
<td>-</td>
<td>(19)</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td><strong>23</strong></td>
<td><strong>85</strong></td>
<td>-</td>
<td><strong>108</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Computer Hardware</th>
<th>Office equipment</th>
<th>Plant and Machinery</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td></td>
<td>40</td>
<td>29</td>
<td>6</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>-</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(33)</td>
<td>(9)</td>
<td>(1)</td>
<td>(43)</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td><strong>15</strong></td>
<td><strong>20</strong></td>
<td><strong>10</strong></td>
<td><strong>45</strong></td>
</tr>
</tbody>
</table>

**21. INTANGIBLE ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>At cost</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Work in progress - licenses</td>
<td>86</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(16)</td>
<td>(9)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>103</td>
<td>24</td>
</tr>
</tbody>
</table>

**Reconciliation:**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at start of year</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>Additions</td>
<td>86</td>
<td>-</td>
</tr>
<tr>
<td>Other disposals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(7)</td>
<td>(6)</td>
</tr>
<tr>
<td><strong>Carrying amount at end of year</strong></td>
<td>103</td>
<td>24</td>
</tr>
</tbody>
</table>

**22. IMPAIRMENT OF ASSETS**

There were no indications of impairment to property, plant and equipment at 30 June 2012.

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 2012 have either been classified as assets held for sale or written-off.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

### 23. PAYABLES

**Current**
- Trade payables: 168, 174
- Accrued expenses: 559, 3,925
- Accrued salaries: 236, 266
- Other: 26, 22
  - **Total current**: 989, 4,387

### 24. PROVISIONS

**Current**
- Employee benefits provision
  - Annual leave (a): 1,067, 959
  - Long service leave (b): 1,397, 1,366
  - **Total current**: 2,464, 2,325
- Other provisions
  - Employment on-costs (c): 223, 210
  - **Total current**: 2,687, 2,535

**Non-current**
- Employee benefits provision
  - Long service leave (b): 573, 300
- Other provisions
  - Employment on-costs (c): 51, 30
  - **Total non-current**: 624, 330

---

(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: 666, 633
- More than 12 months after the reporting period: 401, 327
  - **Total current**: 1,067, 960

(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: 615, 507
- More than 12 months after the reporting period: 1,355, 1,159
  - **Total current**: 1,970, 1,666

(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 12 ‘Other expenses’. 
### NOTES TO THE FINANCIAL STATEMENTS CONTINUED

#### 24. PROVISIONS CONTINUED

Movements in other provisions
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

**Employment on-cost provisions**
- Carrying amount at start of year: 239,000
- Additional provisions recognised: 35,520
- Payments/other sacrifices of economic benefit: -
- Unwinding of the discount: -
- **Carrying amount at end of year**: 274,239

#### 25. OTHER CURRENT LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unearned Revenue</td>
<td>-</td>
<td>5</td>
</tr>
</tbody>
</table>

#### 26. EQUITY

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community.

**Contributed equity**
- Balance at start of period: -
- **Balance at end of period**: -

**Distributions to owners**
- Transfer of net assets to other agencies: - (38,000)
- Transfer from accumulated surplus: - 38,000
- **Balance at end of period**: -

**Accumulated surplus/(deficit)**
- Balance at start of year: 17,001,000
- Transfer to contributed equity: - (38,000)
- Result for the period: 4,377,000
- **Balance at end of period**: 21,378,000

**Total equity at end of period**
- **21,378,000**
27. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash
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:

<table>
<thead>
<tr>
<th>Item</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>18,065</td>
<td>18,639</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>6,270</td>
<td>4,156</td>
</tr>
</tbody>
</table>

 Total: 24,337 | 22,797

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cost of services: $21,277 (26,243)

Non-cash items:
- Depreciation and amortisation expense (note 8): $26 (49)
- Resources received free of charge (note 16): $485 (363)
- Loss on disposal of non-current assets: $17 (-)

Increase/(decrease) in assets:
- Current receivables (c): $29 (39)
- Increase/(decrease) in liabilities:
  - Current payables (c): $3,433 (2,147)
  - Current provisions: $152 (525)
  - Other liabilities: $5 (-)
  - Non-current provisions: $294 (49)
  - Net GST receipts (d): $247 (400)

Change in GST in receivables/payables (b): $- (13)

Net cash provided by/(used in) operating activities: $23,523 (27,871)

28. RESOURCES PROVIDED FREE OF CHARGE

During the year resources from Records Management and Information Technology were provided to the Department of Regional Development and Lands free of charge: $- 169

29. COMMITMENTS

The commitments below are inclusive of GST.

Lease commitments
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:

Cancellable operating lease commitments
Commitments for minimum lease payments are payable as follows:
- Within 1 year: $68 (87)
- Later than 1 year not later than 5 years: $60 (64)
- Later than 5 years: $- (-)

Total: $128 (151)
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.

<table>
<thead>
<tr>
<th>Description</th>
<th>2012 Estimate</th>
<th>2012 Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total appropriations provided to deliver services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total appropriations provided to deliver services for the year</td>
<td>20,991</td>
<td>19,434</td>
<td>(1,557)$a</td>
</tr>
<tr>
<td>Total Service Expenditure:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Build the Strategic Capability of the Local Government Sector</td>
<td>16,800</td>
<td>10,791</td>
<td>(6,009)$b</td>
</tr>
</tbody>
</table>

(a) The decrease is due in the main to the repositioning of appropriation for the Metropolitan Local Government Review to 2012-2013.

(b) The variance is due in the main to funds allocated for local government reform that were not fully expensed and with the repositioning of funds there was a corresponding reduction in the expense limit.
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.

(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:

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>18,067</td>
<td>18,641</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>6,270</td>
<td>4,156</td>
</tr>
<tr>
<td>Loans and receivables(a)</td>
<td>938</td>
<td>953</td>
</tr>
</tbody>
</table>

Financial Liabilities

| Financial liabilities measured at amortised cost | 989   | 4,392 |

\(a\) 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

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>NON-INTEREST BEARING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>18,067</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>6,270</td>
</tr>
<tr>
<td>Receivables(a)</td>
<td>390</td>
</tr>
<tr>
<td>Amounts receivable for services</td>
<td>548</td>
</tr>
</tbody>
</table>

\(a\) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable)
### Notes to the Financial Statements

#### 2011 Financial Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>18,641</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>4,156</td>
</tr>
<tr>
<td>Receivables <em>(a)</em></td>
<td>362</td>
</tr>
<tr>
<td>Amounts receivable for services</td>
<td>591</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,750</strong></td>
</tr>
</tbody>
</table>

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

#### 2012 Financial Liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>989</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>989</strong></td>
</tr>
</tbody>
</table>

#### 2011 Financial Liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>4,387</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,392</strong></td>
</tr>
</tbody>
</table>

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.

#### 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:

<table>
<thead>
<tr>
<th>Band</th>
<th>No. of Officers</th>
<th>2012</th>
<th>2011</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60,001 - 70,000</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$80,001 - 90,000</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$160,001 - 170,000</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>$170,001 - 180,000</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$180,001 - 190,000</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$280,001 - 290,000</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$320,001 - 330,000</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total remuneration of senior officers:** 1,010

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.
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

35. REMUNERATION OF AUDITOR
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


<table>
<thead>
<tr>
<th>Year</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>52</td>
</tr>
<tr>
<td>2011</td>
<td>46</td>
</tr>
</tbody>
</table>

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
Receipts
Payments
Balance at the end of the year

<table>
<thead>
<tr>
<th>Year</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>9</td>
</tr>
<tr>
<td>2011</td>
<td>12</td>
</tr>
<tr>
<td>2012</td>
<td>25</td>
</tr>
<tr>
<td>2011</td>
<td>25</td>
</tr>
<tr>
<td>2012</td>
<td>(23)</td>
</tr>
<tr>
<td>2011</td>
<td>(28)</td>
</tr>
<tr>
<td>2012</td>
<td>11</td>
</tr>
<tr>
<td>2011</td>
<td>9</td>
</tr>
</tbody>
</table>

37. SUPPLEMENTARY FINANCIAL INFORMATION
(a) Write-offs
During the financial year $4,000 (2011: nil) was written off the Department’s receivables under the authority of:
The accountable authority

<table>
<thead>
<tr>
<th>Year</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4</td>
</tr>
<tr>
<td>2011</td>
<td>-</td>
</tr>
</tbody>
</table>

38. ADMINISTERED EXPENSES AND INCOME BY SERVICE

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2012 $000</th>
<th>2011 $000</th>
<th>2012 $000</th>
<th>2011 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>-</td>
<td>250</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td>Total administered expenses</td>
<td>-</td>
<td>250</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td>Income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation</td>
<td>-</td>
<td>250</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td>Total administered income</td>
<td>-</td>
<td>250</td>
<td>-</td>
<td>250</td>
</tr>
</tbody>
</table>

The contribution of $250,000 to the RSPCA was transferred to the Department of Agriculture and Food from 1 July 2011.

38. EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD
No events, matters or circumstances have arisen since the end of the reporting period which would significantly affect the operations of the Department.
ADDITIONAL KEY PERFORMANCE INDICATOR INFORMATION

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 2012.

Jennifer Mathews
Director General
3 September 2012
ADDITIONAL KEY PERFORMANCE INDICATOR INFORMATION CONTINUED

RELATIONSHIP WITH GOVERNMENT GOALS

Broad government goals are supported at agency level by specific outcomes actioned through the three departmental business services. The Department achieves its outcomes by progressing the activities within its corporate plan aligned to its business services.

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.

<table>
<thead>
<tr>
<th>Government Goals</th>
<th>Desired Outcomes</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stronger Focus on the Regions:</strong> Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.</td>
<td>To build the capability of the Local Government sector to deliver economic and social services to communities.</td>
<td>1. Build the Strategic Capability of the Local Government Sector 2. Strengthen Good Governance in the Local Government Sector and Provide Effective Regulation</td>
</tr>
<tr>
<td><strong>Results-Based Service Delivery:</strong> Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.</td>
<td>A Western Australian public sector which practices the principles of multiculturalism and the empowerment of culturally and linguistically diverse communities to fully participate in Western Australian life.</td>
<td>3. Promotion and Support of Multiculturalism in Western Australia</td>
</tr>
</tbody>
</table>
### OUTCOMES AND EFFECTIVENESS INDICATORS

| OUTCOME 1: To build the capability of the local government sector to deliver economic and social services to communities. |
|---|---|---|---|---|
| **Proportion of local governments meeting the full set of 4 capability elements at a basic level** | 1.4 % | 4–9 % | 4 % |
| **Proportion of capability elements met at the basic level across all local governments** | 33.8 % | 38–46 % | 38 % |

Stakeholder satisfaction rating with the services provided by the Department to build capability in local government. 79 % 80 % 73 %

| OUTCOME 2: A Western Australian public sector which practises the principles of multiculturalism and the empowerment of culturally and linguistically diverse communities to fully participate in Western Australian life. |
|---|---|---|---|---|
| **Proportion of public sector agencies that accept and practise the principles of multiculturalism:** | 43 % | 70 % | 76 % |
| **Perception of public sector agencies** | | | |
| **Perception of culturally and linguistically diverse community groups** | 66 % | 70 % | 89 % |

**Notes:**

1. The increase in the overall net satisfied/positive result beyond expectation is to some extent due to introducing an easier to understand labelled survey ratings scale and increased qualification of the customer list to ensure relevant stakeholders were surveyed.
The Department’s goal to build the capability of the local government sector to deliver economic and social services to communities is supported through the Integrated Planning and Reporting (IPR) Program. The IPR Program emphasises the need to accommodate both long-term and medium- to short-term planning within a local government through the development of a Strategic Community Plan, a Corporate Business Plan, an annual budget and informing strategies.

The Strategic Community Plan identifies the long-term vision, aspirations and objectives for the community and local government area. It is informed by community consultation and is focused on social, environmental, economic, and civic leadership objectives. The Strategic Community Plan provides the driver for all local government service delivery and is key to identifying service and resource requirements.

The Corporate Business Plan prioritises the key strategies and activities a council will undertake to achieve the aspirations and objectives of the strategic community plan. It summarises the services, operations and projects that a local government will deliver over the period of the plan, the method for delivering these and the associated resources.

The annual budget specifies the activities that the local government will undertake each year in support of the Corporate Business Plan.

The informing strategies holistically describe the key resourcing requirements of the local government, including a long-term financial plan, a workforce plan, and an asset management plan. Together these plans articulate how a council will resource the objectives of the strategic plans.

On an annual basis, the Department measures IPR progress through a capability measure survey. The results of the survey are used to direct future activities and support for the sector. Currently, to meet baseline IPR requirements, a local government is required to meet minimum criteria. In the future, a more detailed set of variable indicators will be used once the new IPR statutory requirements come into force on 1 July 2013.

The capability measure components are:

1. A Strategic Community Plan that covers a period of at least 10 years, clearly states the vision, aspirations and objectives of the community, was developed through community engagement, and was adopted by an absolute majority of the council.

2. A workforce plan that identifies a council’s current workforce profile and organisational structure, the gaps between current profile and organisational requirements, activities to foster and develop the workforce, and is budgeted for.

3. An operating surplus ratio (OSR) of between +0 per cent and 100 per cent.

4. Capacity to calculate its own asset consumption ratio (ACR).
Methodology

The capability measure survey was released to the sector as a self-evaluation tool. Data for the Strategic Community Plan, workforce plan and asset consumption ratio were calculated from the survey, whereas data for the operating surplus ratio was sourced from the 2010–2011 financial statements local governments submitted to the Department. One hundred and thirty of Western Australia’s 138 local governments (94 per cent) responded to the survey.

Findings

The Department anticipated that many local governments would be progressing in each of the four capability elements, and with new regulations requiring all local governments to develop and adopt Strategic Community Plans and Corporate Business Plans, supported by financial planning, asset management and workforce plans by 30 June 2013.

With local governments gearing up to meet the new regulations in June 2013, the Department set 2012 targets and estimated that:

- Four to nine per cent of local governments would meet the full set of four capability elements at the baseline level—the 2012 result was four per cent
- The proportion of capability elements met at the basic level across all local governments (capability measure) would be between 38 and 46 per cent—the 2012 result was 38 per cent.

Both the 2010 and 2011 results of WA local governments are reported in table and figure below.

| Capability measure: Baseline performance of WA local governments |
|-----------------------------|-----------------------------|-----------------------------|
| % of local governments at June 2010 | % of local governments at June 2011 | No. of local governments at June 2011 |
| Meeting 4 baseline levels | 1.4% | 4% | 5 |
| Meeting 3 baseline levels | 6.4% | 12% | 16 |
| Meeting 2 baseline levels | 28.6% | 28% | 38 |
| Meeting 1 baseline level | 52.9% | 46% | 64 |
| Meeting 0 baseline levels | 10.7% | 11% | 15 |
Comparing the 2011–2012 capability measure results to the 2010–2011 year

**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 2011–2012, the Department of Local Government commissioned independent contractor, Advantage Communications—Research, to undertake two client stakeholder surveys on its behalf.

**Methodology**

It was considered important that the surveys reflect attitudes of the Department’s two client stakeholder groupings for which it delivered services throughout the 2011–2012 financial year. Consequently, responses were elicited from those respondents that had experienced dealings with the Department on either its local government or multicultural interests’ business in the preceding 12 months.

The larger of the two surveys covered the local government stakeholder groups—the current Minister’s Office, Regional Councils, WA Local Government, WALGA and Local Government Managers Australia (LGMAWA).
Local government 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 124 surveys were completed from the population of 151 valid local government stakeholders. This is a response rate of 82 per cent and gives a maximum standard error ratio of +/-3.7 per cent at the 95 per cent confidence level—satisfying the minimum requirement of the Office of the Auditor General. The next figure breaks down the response rate by stakeholder type.

The survey covering multicultural interests’ stakeholders canvassed 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 the Office of Multicultural Interests’ (OMI) strategic plan—participation, equity and promotion of culturally and linguistically diverse (CaLD) communities.

Data was collected by telephone using contact lists and questionnaires provided by the office. The OMI questionnaires were revised this year in order to improve the quality of response and provide more meaningful management information.

A total of 169 surveys were completed from the population of 211 clients. This is a response rate of 77 per cent for CaLD stakeholders and 87 per cent for public sector agencies, and a sampling error at 95 per cent confidence level of +/- 4.6 per cent and +/- 4.5 per cent respectively.

**Findings**

The multicultural interests’ survey found that public sector representatives are more likely to report that their agency’s policies and practices are in keeping with the objectives set out in the strategic plan (89 per cent) than are CaLD community respondents (76 per cent) when asked if these objectives are in evidence in their dealings with the public sector.

The introduction of an easier to understand labelled ratings scale and increased qualification of the customer list by OMI to ensure relevance, has resulted in significant increases in the overall net satisfied/positive results, and lower ‘neutral’ responses from 2011 to this year. Low ‘dissatisfied’ 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.

The overall mean score of satisfaction with the Department of Local Government, excluding OMI, for the total valid population (all the client groups averaged together) and by stakeholder group for the 2011 and 2012 reports is shown in the figure below. 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. Compared with the ratings last year, there have only been minor variations in stakeholder responses. A slightly lower overall mean rating was largely due to an increase in ‘neutral’ or ‘neither satisfied nor dissatisfied’ responses.
### Overall stakeholder satisfaction with the Department of Local Government

<table>
<thead>
<tr>
<th>Stakeholder Type</th>
<th>Valid Population</th>
<th>Sample Achieved</th>
<th>Response</th>
<th>Survey Error</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minister’s Office</strong></td>
<td>1</td>
<td>1</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Regional Councils</strong></td>
<td>140</td>
<td>113</td>
<td>81%</td>
<td>+/-4.1%</td>
</tr>
<tr>
<td><strong>Local Government</strong></td>
<td>8</td>
<td>8</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td><strong>WALGA &amp; LGMAWA</strong></td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>151</td>
<td>124</td>
<td>82%</td>
<td>+/-3.7%</td>
</tr>
</tbody>
</table>

**Note:**
There was no response from the Minister’s Office in 2011.

### Stakeholder type

#### Local Government Stakeholder Survey

- **DLG senior ministerial contact**
  - (current minister)
  - 1 valid population
  - 1 sample achieved
  - 100% response
  - 0 survey error

- **Local Government Authorities**
  - 140 valid population
  - 113 sample achieved
  - 81% response
  - +/-4.1% survey error

- **Regional councils**
  - 8 valid population
  - 8 sample achieved
  - 100% response
  - 0 survey error

- **LGMA/WALGA**
  - 2 valid population
  - 2 sample achieved
  - 100% response
  - 0 survey error

- **Total**
  - 151 valid population
  - 124 sample achieved
  - 82% response
  - +/-3.7% survey error

#### Multicultural Interests Stakeholder Surveys

- **CaLD communities survey**
  - 141 valid population
  - 108 sample achieved
  - 77% response
  - +/-4.6% survey error

- **Public Sector agencies survey**
  - 70 valid population
  - 61 sample achieved
  - 87% response
  - +/-4.5% survey error

**Note:**
The valid population for the multicultural interests’ surveys included only those organisations which had dealings with the OMI in the preceding 12 months.
ADDITIONAL KEY PERFORMANCE INDICATOR INFORMATION CONTINUED

EFFICIENCY INDICATORS

<table>
<thead>
<tr>
<th>OUTCOME 1: To build the capability of the local government sector to deliver economic and social services to communities.</th>
<th>2010–2011 Actual</th>
<th>2011–2012 Target</th>
<th>2011–2012 Actual</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service 1: Build the Strategic Capability of the Local Government Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Average cost of advice and support to develop local government capability.</td>
<td>$41,376</td>
<td>$54,106</td>
<td>$44,690</td>
<td>Note 1</td>
</tr>
<tr>
<td>Service 2: Strengthen Good Governance in the Local Government Sector and provide Effective Regulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Cost of support services per local government.</td>
<td>$27,704</td>
<td>$23,934</td>
<td>$21,469</td>
<td>Note 2</td>
</tr>
<tr>
<td>o Average cost per inquiry and investigation</td>
<td>$2,737</td>
<td>$2,485</td>
<td>$4,444</td>
<td>Note 3</td>
</tr>
<tr>
<td>o Average cost per monitoring per local government</td>
<td>$16,248</td>
<td>$15,921</td>
<td>$17,941</td>
<td>Note 2</td>
</tr>
</tbody>
</table>

OUTCOME 2: A Western Australian public sector which practises the principles of multiculturalism and the empowerment of culturally and linguistically diverse communities to fully participate in Western Australian life.

| Service 3: Promotion and Support of Multiculturalism in Western Australia | | | | |
|   o Average cost per policy project/initiative for multiculturalism | $45,867 | $56,588 | $87,122 | Note 4 |

Note:
1. Cost of support per local government were higher than targeted due to the reassessment of funding requirements which repositioned funds from the 2011–2012 into the forward years.
2. When compared to the original costing budget allocation for each efficiency indicator, the actual classification of cost centre expenditure across the Service has resulted in a redistribution of costing allocations against each efficiency indicator.
3. Number of inquiries and investigations were lower than estimated.
4. The increase is due to the office undertaking fewer, more expensive strategic projects in line with its strategic plan.
MINISTERIAL DIRECTIVES

The Minister on 9 February 2012 in accordance with section 8.3(3) of the Local Government Act 1995 directed Director General Jennifer Mathews to commence an Authorised Inquiry into the City of Canning.
OTHER FINANCIAL AND GOVERNANCE DISCLOSURES

PRICING POLICIES OF SERVICES PROVIDED

The Department does not provide cost recoverable services.

CAPITAL WORKS

No capital projects were completed during 2011–2012.

EMPLOYMENT AND INDUSTRIAL RELATIONS

Departmental staff are employed under the Public Service and Government Officers General Agreement 2011, except one officer who is employed under the Salaries and Allowances Act 1975.

Summary of employees as of 30 June

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>136.5</td>
<td>123</td>
<td></td>
</tr>
<tr>
<td>Permanent Full Time</td>
<td>98</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>Contract Full Time</td>
<td>34</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Part Time – Permanent and Contract</td>
<td>4.5</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Employees under 25 years (youth)</td>
<td>7.3%</td>
<td>4%</td>
<td>(1)</td>
</tr>
<tr>
<td>Employees over 45 years (mature workers)</td>
<td>68%</td>
<td>50%</td>
<td>(1)</td>
</tr>
<tr>
<td>Women in the workforce</td>
<td>71%</td>
<td>63.7%</td>
<td>(1)</td>
</tr>
<tr>
<td>Women in senior management</td>
<td>52.4%</td>
<td>50.0%</td>
<td>(2)</td>
</tr>
<tr>
<td>Indigenous Australian employees</td>
<td>2.1%</td>
<td>1.1%</td>
<td>(1)</td>
</tr>
<tr>
<td>Employees from culturally diverse backgrounds</td>
<td>13.91%</td>
<td>25.3%</td>
<td>(1)</td>
</tr>
<tr>
<td>Employees with disabilities</td>
<td>5.12%</td>
<td>9.2%</td>
<td>(1)</td>
</tr>
</tbody>
</table>

Notes:

1. Reported as a percentage of the total number of employees.
2. Reported as a percentage of employees in the first three tiers of management who are at or above Level 7.
OTHER FINANCIAL AND GOVERNANCE DISCLOSURES CONTINUED

STAFF DEVELOPMENT

Graduate Development
The Graduate Development Program continues to be supported in the Department, providing opportunities to new graduates to apply their learning in a structured environment and to continue to develop skills through practical application. The Department supports graduates through training, and where possible, temporary placement with a local council. During the year there has been one new graduate undertaking the program, with the previous four graduates continuing to work for the Department in more senior positions.

Employee Assistance Program
Supporting our employees and their families through difficult times is important to our organisation to ensure that the workplace is a healthy and enjoyable place to work. The Department provides an employee assistance program, which provides access to individual and group counselling and support with issues that have arisen at work or home. The provider is also able to present to staff on specific topics that are current and affecting all staff. This option was taken up during the year to assist staff through grief counselling and demonstrated the value of having these programs in place.

WORKERS’ COMPENSATION
No workers’ compensation claims were recorded in the 2011–2012 financial year, or the previous 2010–2011 year.

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 contract of employment of service.
**OTHER LEGAL REQUIREMENTS**

**EXPENDITURE ON ADVERTISING, MARKET RESEARCH, POLLING AND DIRECT MAIL**

In accordance with the Electoral Act 1907 (Section 175ZE), the Department expended a total of $232,252 on activities involving advertising agencies, market research organisations, polling organisations, direct mail organisations, and media advertising organisations.

<table>
<thead>
<tr>
<th>Component Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising agencies</td>
<td>$50,840</td>
</tr>
<tr>
<td>ABG Pages Pty Ltd</td>
<td></td>
</tr>
<tr>
<td>Adcorp Australia Limited</td>
<td></td>
</tr>
<tr>
<td>Business News</td>
<td></td>
</tr>
<tr>
<td>Landgate</td>
<td></td>
</tr>
<tr>
<td>State Law Publisher</td>
<td></td>
</tr>
<tr>
<td>The Futures Group Pty Ltd</td>
<td></td>
</tr>
<tr>
<td>WA Newspapers</td>
<td></td>
</tr>
<tr>
<td>Promotional/marketing agencies</td>
<td>$5,579</td>
</tr>
<tr>
<td>Advantage Communications &amp; Marketing</td>
<td></td>
</tr>
<tr>
<td>BoxT</td>
<td></td>
</tr>
<tr>
<td>Corporate Rewards</td>
<td></td>
</tr>
<tr>
<td>Hampers Away Pty Ltd</td>
<td></td>
</tr>
<tr>
<td>Key2Design</td>
<td></td>
</tr>
</tbody>
</table>

| Publication agencies                         | $145,627 |
| Avonlink Enterprises                          |         |
| Compac Marketing Australia                   |         |
| Dessein Graphics                             |         |
| Identity Creative                            |         |
| Key2Creative Pty Ltd                         |         |
| Landgate                                     |         |
| Meta Creative                                |         |
| Printlogic                                   |         |
| Quality Press                                |         |
| Sheridans 1013 Pty Ltd                       |         |
| Snap Printing                                |         |
| State Law Publisher                          |         |
| Worldwide Online Print                       |         |

| Direct mail agencies                         | $730    |
| Exibit Exhibitions & Publishing Pty Ltd      |         |
| Northside Logistics & Finishers             |         |

| Media advertising                            | $29,476 |
| Adcorp Australia Limited                     |         |
| Business News                                |         |
| Mitchell & Partners                          |         |
| Australia Pty Ltd                            |         |
| Optimum Media Decisions                      |         |

| Total expenditure                            | $232,252 |

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DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

The Department continues to be committed to ensuring that people with disabilities are able to access the Department’s services, facilities and information.

The Disability Access and Inclusion Plan (DAIP) for the Department will conclude in 2012 and activities are already underway to establish the 2013–2018 plan. The achievements that the Department made in progressing the plan can be summarised within the following outcomes:

Outcome 1: People with disabilities have the same opportunities as other people to access our services and any events organised by us.

The Department’s plan established six initiatives to address access to its services and events to people with disabilities. These initiatives were introduced and were operational over the five years.

This included the establishment of a committee to manage the DAIP, developing a policy and raising awareness of the DAIP. The policy and plan ensured that events that the Department organised were accessible to people with disabilities and that plans and strategies would incorporate the DAIP objectives.

Outcome 2: People with disabilities have the same opportunities as other people to access our office and other facilities.

Three initiatives were planned and implemented to ensure that the workplace was accessible and met legislative and access standards. This included clear and easy-to-understand signage and awareness raising with employees, so that they understood the facilities available to people with disabilities.

Outcome 3: People with disabilities receive information from us that will enable them to access the information as readily as other people are able to access it.

The Department is committed to ensuring that all its publications are accessible, easy to understand, and available in a range of formats, and that the website meets the content accessibility requirements.

The Department’s employees have improved understanding of information accessibility and initiatives have been put in place to improve the community’s awareness of the availability of the Department’s information.
Outcome 4: People with disabilities receive the same level and quality of service from our employees as other people receive.

The Department prides itself on achieving a high standard and quality of service and this extends to people with disabilities. Four initiatives were identified in the Department’s DAIP to ensure this was achieved. They included improving employees awareness of issues, skilling employees to better serve people with disabilities and improving employees’ knowledge and skills in the management of complaints from people with disabilities.

Outcome 5: People with disabilities have the same opportunities as other people to make complaints to us.

The Department’s complaints system and policy were reviewed to ensure it was accessible to people with disabilities and that policies and procedures for complaints management were available in a variety of formats to meet their needs. This, coupled with the Department’s commitment to improving employees’ knowledge and skills in complaints management, supports initiatives to achieve this outcome.

Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation we may carry out.

The Department has endeavoured to improve inclusive opportunities for people with disabilities to participate in any public consultation it may have. This is underpinned by initiatives in the above outcomes.

The ongoing monitoring of the DAIP initiatives implemented over the past five years has shown that the outcomes of the plan have been successfully achieved. The Department has every intention to continue with maintaining these initiatives and will strive to find more improvements in information and services to facilitate the access and inclusion of people with disabilities.

COMPLIANCE WITH PUBLIC SECTOR STANDARD, ETHICAL CODES AND CONFLICTS OF INTEREST

The Department continues to raise awareness and monitor compliance with its Code of Conduct policy.

The Department requires its employees to maintain ethical behaviour in the workplace. The policy 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 customers.
OTHER LEGAL REQUIREMENTS CONTINUED

The Department’s induction, intranet and performance development program all reinforce this expected behaviour and the employee’s responsibilities.

The success of the Department’s strategies is evident in the nil response to the 2012 Annual Agency Survey to the Public Sector Commission for any cases of discipline or potential breaches of discipline and misconduct.

The Code of Conduct policy provides a comprehensive awareness of an employee’s responsibility in relation to actual or perceived conflicts of interest. This is further explained in the Department’s Conflict of Interest policies.

The Department intends to continue to assess new strategies to engage staff awareness of the codes and the Public Sector Standards during the year ahead.

FREEDOM OF INFORMATION

In 2011–2012, the Department received eight applications under Freedom of Information legislation and all eight were completed.

RECORDKEEPING PLANS

The Department’s updated recordkeeping plan was approved by the State Records Commission on 5 August 2011.

The Department uses TRIM as its record keeping and document management system, and requires that all staff save all records into the system. All incoming correspondence is automatically captured into TRIM and made electronically available to staff.

In 2010–2011, there were 47,660 documents registered into the Department’s document management system and in 2011–2012 there were 39,905 documents registered, representing a decrease of 16 per cent.

New staff members receive one-on-one training of approximately 60 minutes which takes them through recordkeeping responsibilities and basic document management system operations. Additional to one-on-one training, the Department continues agency-wide training so officers expand their learning about specific system functions or obtain help on an overall basis. Feedback on training guides future training requirements.

The Department has invested in an on-line recordkeeping awareness training course to ensure all staff are familiar with their responsibilities under the State Records Act 2000.

The Department is moving towards electronic recordkeeping. In 2011–2012, the Department progressed this initiative by introducing virtual files (with a physical file only created where there is a business requirement to do so) and by digitising the permanent records of OMI. The permanent OMI records created since OMI joined the Department in April 2009 are now electronically accessible to staff from the desktop via the Department’s document management system. Digitisation of the Department’s current personnel files is also near completion.
GOVERNMENT POLICY REQUIREMENT

SUBSTANTIVE EQUALITY

The Department of Local Government supports 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 department, through the Office of Multicultural Interests (OMI), is a Substantive Equality Program Partner.

The office supports the development of State Government policies and programs to promote multiculturalism and improve services to Western Australians from diverse cultural, linguistic and religious backgrounds. OMI provides leadership on multiculturalism within the public sector, to the Western Australian community and with business–creating partnerships for a more inclusive and productive society.

The Department has undertaken a number of initiatives which promote the principles of substantive equality. These include workforce planning resources and an implementation plan which were developed to assist local governments in 2012–2013. It is expected local governments will benefit from a diverse workforce and their communities will experience culturally appropriate services and service delivery. Workforce planning is one of the four main components of the Integrated Planning and Reporting Framework, introduced through regulatory amendment in August 2011.

In November 2011, the Minister launched the online Diverse WA training package developed by OMI. The package assists public sector and local government staff to develop knowledge, skills and awareness to work effectively with people from culturally and linguistically diverse backgrounds. The package has been extensively promoted across both the public and local government sectors.

The office is also reviewing the Western Australian Language Services Policy 2008 which covers the provision of translation and interpreting services provided by the public sector. The review has included extensive consultation with providers and community organisations. A revised policy and associated guidelines are currently being developed.
GOVERNMENT POLICY REQUIREMENT CONTINUED

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

The Department is committed to providing and maintaining a safe and healthy working environment for its employees, customers, suppliers, contractors and visitors to our workplace.

The Department has an Occupational Safety, Health and Injury Management Committee (OSH) and engages with safety representatives and managers to reinforce this commitment. All minutes and safety issues are available for staff review and relevant information is captured on the intranet.

The OSH policy and procedures are compliant with the *Occupational Safety and Health Act 1984* and the *Workers’ Compensation and Injury Management Act 1981*. A review of the Department’s OSH systems is undertaken formally each year to ensure relevance and compliance to codes of practice and guidelines.

### Summary of OSH Outcomes

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of fatalities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Loss time injury/disease (LTI/D) incidence rate</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of severe claims</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Loss time injury severity rate (%)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Percentage of injured workers returned to work within</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
   i. 13 week                             | Greater than or equal to 80% | Not applicable |
   ii. 26 weeks                           |                   |                  |
| Percentage of managers and supervisors trained in occupation safety, health and injury management responsibilities | Greater than or equal to 80% | The Department was unable to achieve the targeted 80% but has put in place plans to ensure that all supervisors/managers are trained by 31 December 2012. |