



**S H I R E   O F   G N O W A N G E R U P**

## **MINUTES**

### **ORDINARY MEETING OF COUNCIL**

**25<sup>th</sup> October 2017**  
**Commencing at 3:30pm**

**Council Chambers**  
**28 Yougenup Road, Gnowangerup WA 6335**

#### **COUNCIL'S VISION**

Gnowangerup Shire – A thriving, inclusive and growing community built on opportunity



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## OPENING PROCEDURES

### 1. OPENING AND ANNOUNCEMENT OF VISITORS

Shire President, Keith House welcomed Councillors, Staff and visitors and opened the meeting at 3.30pm.

### 2. ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

#### 2.1 ATTENDANCE

Cr Keith House  
Cr Fiona Gaze  
Cr Richard House  
Cr Frank Hmeljak  
Cr Ben Moore  
Cr Shelley Hmeljak  
Cr Lex Martin  
Cr Greg Stewart  
Cr Chris Thomas

Shelley Pike	Chief Executive Officer
Vin Fordham Lamont	Deputy Chief Executive Officer
Carol Shaddick	Senior Finance Officer
Yvette Wheatcroft	Manager of Works
John Skinner	Asset and Waste Management Coordinator
Phil Shephard	Town Planner
Abbey Sergeant	Executive Assistant
Renae Walker	Executive Assistant

#### GUESTS

Ken Pech  
Graeme Jones

#### 2.2 APOLOGIES

Anna Boschman                      Manager of Community Services

#### 2.3 APPROVED LEAVE OF ABSENCE

### 3. APPLICATION FOR LEAVE OF ABSENCE

Cr Ben Moore 22<sup>nd</sup> November 2017 Council Meeting

### 4. RESPONSE TO QUESTIONS TAKEN ON NOTICE

Nil



## 5. PUBLIC QUESTION TIME

### 5.1 Cr Chris Thomas

**Item 12.1**      **The document “*Related Party Transactions (procedure 2.17)*” is repeated in the agenda documents. Is this a simple duplication or is there a missing document?**

This was a simple duplication and the Executive Assistant has made the required amendment.

**Policy 2.17 – Item 5.3 Materiality Assessment “*As a general rule council will utilise [\$10,000] as a threshold for materiality.*” Does this mean if a KMP has a rates payment or aggregate rates payment in excess of the threshold then that would be assessed as material?**

No. Other ordinary citizen transactions, however, might need to be assessed for materiality.

For example, if a Councillor had \$40,000 of private works completed, the transaction might need to be investigated.

**Would this also include materiality assessment of Related Parties rates payments?**

No. Rates payments are applicable to all property owners and would not be seen by ratepayers or the public as a benefit enjoyed only by KMPs.

### 5.2 Cr Chris Thomas

**Item 12.2**      **Clarification please. Why are the Department of Planning, Lands and Heritage making this request?**

The Department of Planning, Lands and Heritage are the present owners of this Crown Land.

If the request is successful they can devolve themselves of responsibility for the land and its management by transferring the ownership to the Shire.

**Risk Management Considerations – What are the risks related to Councils agreement to the Department of Planning, Lands and Heritage request?**

The risk to the Shire, if the request was approved, is the Shire would then be responsible for the amalgamated reserves and any possible land contamination from the ex-APB use which may go on to affect other future developments on the airport reserve.

The report to Council highlighted that the Department of Planning, Lands and Heritage considers the cost of undertaking a preliminary site investigation of the possible contamination and potential remediation to not be feasible in light of the very low value of the land. The likelihood of contamination at the site is considered high from the known storage of agricultural herbicides/pesticides/poisons and there is no benefit to the Shire acquiring the land in its present state.

**5.3 Cr Chris Thomas**

**Item 12.3 Is there a key to explain the acronyms used in the responsibility column of the action plan table?**

The Executive Assistant will add a key as suggested.

For reference, the key will be as per below;

CEO – Chief Executive Officer

DCEO – Deputy Chief Executive Officer

AWC – Asset and Waste Coordinator

MCS – Manager of Community Services

MW – Manager of Works

TP – Town Planner

***“Measuring performance”* For each of the KPI’s shown in the bullet list – what is the current baseline?**

The current baseline is the 2016 calendar year.

**5.4 Cr Chris Thomas**

**Item 13.1 The draft policy lacks substance and definition in its current format  
*Policy Statement***

***First bullet point – What is the definition of “The first year of council rates”?***

The first financial year, following the commencement of the business, prior to the rates becoming due and payable.

***Eligibility Criteria***

***“Where a business is a new type of business but not where a new owner has taken over an existing business of the same type;”*** The inclusion of the connector “but” introduces an exclusion into an eligibility criteria. Can we restructure the policy to include an exclusions section?

**Following three bullet points also read as exclusions – same question as above**  
Policy can be amended to address these concerns if Council wishes.

**Examples of eligible and ineligible applications. – do these better belong in a procedure rather than a policy?**

Council requested examples be included in the policy to help clarify issues but they can be included in a procedure if Council wishes.

**5.5 Cr Chris Thomas**

**Item 13.2 How many years was the concession rate applied to the general store?**

The Shire’s records indicate that the general store was never given a rates concession.

### **COMMENTS**

***“Council has recently adopted a policy on giving rates concessions, in order to encourage and support new businesses within the District” Has this policy been adopted?***

**If yes – Why is it a draft policy in the current agenda?**

Item 13.1 had not been adopted by Council at the time the agenda was compiled. The policy came about as a result of an item in the September agenda. It was considered logical for the policy item to appear in the October agenda before the item relating to a request for a rates concession.

#### **5.6 Cr Chris Thomas**

**Item 13.3 Why are Strategic Implications and Risk Management Considerations shown as NIL?**

An oversight on the part of the officer.

#### **Strategic Implications:**

Engaging a lending facility of this magnitude, notwithstanding the purpose, could affect Council in a couple of ways. Firstly, it could affect the Shire’s ability to borrow funds for capital purposes during the term of this facility. Secondly, it could affect some of the Shire’s financial ratios, including the Debt Service Cover ratio, which are an indication of the organisation’s financial health.

#### **Risk Management Considerations:**

There is a risk that a claim, or portion thereof, may be declined by the WANDRRA grant providers. This is considered a low risk as Main Roads have approved the works in advance. Both officers and the principal project manager have a good understanding of what is claimable and what is not.

There is also a risk of interest rate rises during the course of the three-year term of the loan.

#### **5.7 Cr Chris Thomas**

**Item 16.2 Why was the August Financial report not presented at the previous meeting?**

Legislatively, local governments have two months to present monthly financial reports. The August report was delayed due to work still being completed on the Annual Financial Report.

#### **5.9 Cr Fiona Gaze**

**Item 12.1 Obviously a lot of councillors will be related to most people within the shire – how far removed do we need to get?**

Close family members: In some ways, it’s as much about perception as reality. Definitely disclose – spouse/partner, children, other dependants, children of spouse/partner, other dependants of spouse/partner. Disclose others if you consider that they could be expected to influence your decisions with Council.

Yes, I know that some Councillors have a lot of relations in the district but, to some extent, only you can determine which ones might influence you or, just as importantly, which ones members of the public might consider likely to

influence you. There is no actual limit set for the type of family member to be considered.

You can see why related parties disclosures is one of the first topics to be discussed as part of the review of the Local Government Act.

**5.10 Cr Fiona Gaze  
Item 13.2**

**With the Ongerup Community opening a '24-hour fuel' supply could that not be considered a new business venture?**

Council can determine what it considers to be a new business venture. The policy has been complied with the input from Councillors and officers at the previous briefing session.

**5.11 Cr Fiona Gaze  
Item 16.1**

**Eft 858 and 859 reimbursements for G and M Savage?**

The Savages were advised to arrange payment prior to going on holidays in case resolution was declined and they would attract interest. The money was held in Trust as the Shire cannot reimburse payment of rates, it can only approve a concession in advance. The Savages paid for services and were reimbursed the rate component from the Trust Account.

**EFT 12613, Do we pay BGL over \$10, 000 per month regularly?**

Yes, the account was previously submitted separately as a grounds contract and a pool grounds but has now been included in one contract. The services covered in the monthly costs are all spraying, fertilizing, mowing etc.

**EFT 12621, What is 117 Vaux street Ongerup, the police house?**

Yes 117 Vaux Street is the Old Ongerup Police Station, and this is the Settlement Agents Fees for the purchase of the property.

**EFT 27092, Reimbursement construction of crossover? – Is there a reason, was this planned or unplanned?**

This is part if council policy "5.6 CROSSOVER AND ENTRANCES PROCEDURE" and the crossover was assessed before and after construction. \$1,000.00 is half the cost of a normal gravel crossover.

**EFT 27100, Why are we paying for coolroom repairs and hot water system repairs?**

Both items are fixtures and under the current lease agreement, the Shire is responsible.

Unfortunately, our insurance excess is \$1,000 so a claim was not deemed viable.

**5.12 Cr Fiona Gaze  
Item 12.1**

**Related Parties Transaction**

Does this mean that councillors who are members of the Bowling club can or cannot participate in the discussion regarding the green replacement?  
There are four councillors and the DCEO.

**5.13 Cr Lex Martin**

**Item 12.3 Economic Development Strategy**

Would it not be good to include housing and accommodation in the document?

**6. DECLARATION OF FINANCIAL INTERESTS AND INTEREST AFFECTING IMPARTIALITY**

**7. PETITIONS / DEPUTATIONS / PRESENTATIONS**

**7.1 PETITIONS**

**7.2 DEPUTATIONS**

**7.3 PRESENTATIONS**

**8. CONFIRMATION OF PREVIOUS MEETING MINUTES**

**8.1 ORDINARY MEETING OF COUNCIL MINUTES 27<sup>th</sup> SEPTEMBER 2017**

**COUNCIL RESOLUTION**

**Moved: Cr F Gaze**

**Seconded: Cr F Hmeljak**

**1017.111 That the minutes of the Ordinary Council Meeting held on Wednesday 27<sup>th</sup> September 2017 be confirmed as a true record of proceedings.**

**UNANIMOUSLY CARRIED: 9/0**

## 9. USE OF THE COMMON SEAL

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### 9.1

### COMMON SEAL

<b>Location:</b>	Shire of Gnowangerup
<b>Proponent:</b>	N/A
<b>Business Unit:</b>	Strategy and Governance
<b>Date of Report:</b>	17 <sup>th</sup> October 2017
<b>Officer:</b>	Shelley Pike, Chief Executive Officer
<b>Disclosure of Interest:</b>	Nil.

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### ATTACHMENT

- Copy of Common Seal Register

### PURPOSE

This report is a standard report and for noting purposes only.

### BACKGROUND

Section 2.5 of *the Local Government Act 1995* states that a Local Government is a Body Corporate with perpetual succession and a common seal. A document is validly executed by a Body Corporate when the common seal of the Local Government is affixed to it by the Chief Executive Officer, and the President/Chairman and the Chief Executive Officer attest the affixing of the seal.

Since the last meeting of Council the common seal has been applied to the:

- Shire of Gnowangerup - Transfer of Land 4 Grocock St and 2 Cecil Street Gnowangerup;
- WA Contract Ranger Services Pty Ltd - Service Agreement; and
- Shire of Gnowangerup - Transfer of Land Lot 560 Cuneo Close Gnowangerup.

The Chief Executive Officer is primarily responsible for the governance role of the Shire of Gnowangerup which includes ensuring all legislative requirements are complied with including: adopting plans and reports, accepting tenders, directing operations, setting and amending budgets. This use of the Common Seal is a Standard Report for noting by Council.

All documents validly executed will have the common seal affixed and the President and the Chief Executive Officer's attestations affixing the seal. Use of the common seal is to be recorded in the common seal register and must have the Council resolution number included and the date that the seal was applied.

### POLICY IMPLICATIONS

Nil

### LEGISLATIVE IMPLICATIONS

Section 2.5(2) of the Local Government Act 1995. The local government is a body corporate with perpetual succession and a common seal Section 9.49. Documents, how authenticated. A document, is, unless this Act requires otherwise, sufficiently authenticated by a local

government without its common seal if signed by the CEO or an employee of the local government who purports to be authorised by the CEO to so sign.

#### CONCLUSION

This is a standard report for Elected Members information



## COMMON SEAL REGISTER

Register Reference No	Party (company etc)	Description e.g. Contract Agreement	Date Signed	Resolution No.	Signed
86	Shire of Gnowangerup	Transfer of Land 4 Grocock St and 2 Cecil Street Gnowangerup	28/09/2017		Yes
87	WA Contract Ranger Services Pty Ltd	Service Agreement	27/09/2017		Yes
88	Shire of Gnowangerup	Transfer of Land Lot 560 Cuneo Close Gnowangerup	5/10/2017		Yes

## 10. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

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### 10.1 ELECTED MEMBERS ACTIVITY REPORT

**Date of Report:** N/A  
**Officer:** Various

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#### Attended the following meetings/events

- Cr F Gaze: Attended the Department of Water Community Grant Announcement on the 11<sup>th</sup> October with Minister David Kelly at the Gnowangerup High School and CRC, Council Briefing Session and Gnowangerup Gaol Tour on the 11<sup>th</sup> October and the Heritage Trial opening on the 20<sup>th</sup> October.
- Cr C Thomas: Attended the Council Briefing Session and Gnowangerup Gaol Tour on the 11<sup>th</sup> October.
- Cr R House: Attended the Department of Water Community Grant Announcement on the 11<sup>th</sup> October with Minister David Kelly at the Gnowangerup High School and CRC, Council Briefing Session and Gnowangerup Gaol Tour on the 11<sup>th</sup> October, the Heritage Trial opening on the 20<sup>th</sup> October and Gnowangerup Complex meeting on the 23<sup>rd</sup> October.
- Cr B Moore: Attended the Council Briefing Session and Gnowangerup Gaol Tour on the 11<sup>th</sup> October.
- Cr L Martin: Attended the Department of Water Community Grant Announcement on the 11<sup>th</sup> October with Minister David Kelly at the Gnowangerup High School and CRC and Council Briefing Session and Gnowangerup Gaol Tour on the 11<sup>th</sup> October
- Cr F Hmeljak: Attended the Council Briefing Session and Gnowangerup Gaol Tour on the 11<sup>th</sup> October, CRC Carers Morning on the 18<sup>th</sup> October, the Heritage Trial opening on the 20<sup>th</sup> October and Gnowangerup Complex meeting on the 23<sup>rd</sup> October.
- Cr G Stewart: Attended the Council Briefing Session and Gnowangerup Gaol Tour on the 11<sup>th</sup> October, the Heritage Trial opening on the 20<sup>th</sup> October and Gnowangerup Complex meeting on the 23<sup>rd</sup> October.
- Cr S Hmeljak: Attended the Council Briefing Session and Gnowangerup Gaol Tour on the 11<sup>th</sup> October, Carers Morning on the 18<sup>th</sup> October, the Heritage Trial opening on the 20<sup>th</sup> October and the Boomerang Bag Project on 24<sup>th</sup> October.
- Cr K House: Attended the Local Government Agricultural Freight Group meeting in Perth on the 9<sup>th</sup> October, the Council Briefing Session and Gnowangerup Gaol Tour on the 11<sup>th</sup> October and the Heritage Trial opening on the 20<sup>th</sup> October. I would like to make a special thank you to the Gnowangerup High School for their contribution of food and choir presentation at the Heritage Trial Opening.

### 11. COMMITTEES OF COUNCIL

### 12. STRATEGY AND GOVERNANCE

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#### 12.1 RELATED PARTIES TRANSACTIONS POLICY

<b>Location:</b>	Shire of Gnowangerup
<b>Proponent:</b>	N/A
<b>File Ref:</b>	ADM0175
<b>Date of Report:</b>	17 <sup>th</sup> October 2017
<b>Business Unit:</b>	Strategy & Governance
<b>Officer:</b>	Vin Fordham Lamont - Deputy CEO
<b>Disclosure of Interest:</b>	Nil

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#### ATTACHMENTS

1. Draft policy – Related Parties Transactions
2. Draft procedure – Related Parties Disclosures
3. Departmental Guidance Note 31 “Related Party Disclosures”
4. Departmental Circular 07-2017 - Changes to Accounting Standards – Implementation of Related Party Disclosures
5. Departmental Circular 12-2017 - AASB 124 Related Party Disclosures Fact Sheet

#### PURPOSE OF THE REPORT

For Council to adopt a Related Parties Transactions policy and approve its inclusion in the Shire of Gnowangerup Policy Manual.

#### BACKGROUND

As a result of changes to the accounting standards, from 2016/17 financial year, all local governments are required to disclose the nature of related party relationships when preparing general purpose financial reports in compliance with AASB 124.

AASB 124 is the Australian accounting standard that provides a framework for reporting relationships between the key decision makers in a reporting entity and the reporting entity. This relationship is commonly described as “related party”.

AASB 124 will only impact on disclosure in financial statements and will not impact on financial position or performance. Local governments are required to disclose when a related party transaction has occurred in the reporting year.

The Department of Local Government, Sport and Cultural Industries recommends that each local government establish and implement systems to identify related parties to enable recording of related party transactions from 1 July 2016. If the transaction(s) are material, this will need to be disclosed in the annual financial report in accordance with the requirements set out in AASB 124.

## COMMENTS

Earlier this year, Tim Partridge from Council's auditors, AMD Chartered Accountants, gave a presentation to Council on its responsibilities in regards to complying with AASB 124. As a result, a relevant policy and procedure was developed to assist officers and elected members with this compliance.

## CONSULTATION

Darren Long - Finance Consultant

## LEGAL AND STATUTORY REQUIREMENTS

Australian Accounting Standard AASB 124 Related Party Disclosures

## POLICY IMPLICATIONS

The new Related Parties Transactions policy will be added to the Policy Manual.

## FINANCIAL IMPLICATIONS

Nil

## STRATEGIC IMPLICATIONS

Strategic Community Plan 2017-2027

Theme 4 A Sustainable and Capable Council

Objective 1 Provide accountable and transparent leadership

Strategy 5.2.5 Manage corporate risks, supported by appropriate policies and procedures

Strategic Initiative 1.1 Continue to develop a policy framework that guides decision making

## RISK MANAGEMENT CONSIDERATIONS:

Nil

## IMPACT ON CAPACITY

Nil

## ALTERNATE OPTIONS AND THEIR IMPLICATIONS

N/A

## CONCLUSION

It is appropriate for Council to adopt the proposed policy.

## VOTING REQUIREMENTS

Absolute majority

## **COUNCIL RESOLUTION**

**Moved: Cr F Gaze**

**Seconded: Cr R House**

**1017.112      That Council:**

- 1. Adopts the new Related Parties Transactions policy; and**
- 2. Approves its inclusion into the Shire of Gnowangerup Policy Manual.**

**UNANIMOUSLY CARRIED: 9/0**

## 2.17 RELATED PARTIES TRANSACTIONS (*procedure 2.17*)

### OBJECTIVE

To ensure that the existence of certain related party relationships, related party transactions and information about the transactions, necessary for users to understand the potential effects on the Financial Statements are properly identified, recorded in Council's systems, and disclosed in Council's General Purpose Financial Statements in compliance with Australian Account Standard AASB 124.

### BACKGROUND

This Policy has been developed to provide guidance in complying with the *Local Government (Financial Management) Regulations 1996*, Regulation 5A, which requires Council to prepare its General Purpose Financial Statements in compliance with Australian Accounting Standards. The relevant standard for the purpose of this Policy is *AASB 124 Related Party Disclosures*, July 2015 (AASB 124).

### DEFINITIONS

The following definitions apply to the terms used in this policy:

***Close family members or close members of the family*** means in relation to Key Management Personnel (KMP), family members who may be expected to influence, or be influenced by that KMP in their dealings with Council will include:

- a) that person's children and spouse or domestic partner;
- b) children of that person's spouse or domestic partner; and
- c) dependents of that person or that person's spouse or domestic partner.

For the purpose of AASB 124, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, uncles/aunts or cousins) if they could be expected to influence, or be influenced by, the KMP in their dealings with Council.

***KMP*** means Key Management Personnel, being person(s) having authority and responsibility for planning, directing and controlling the activities of Council. Specifically, KMP of Council are:

- a) Shire President;
- b) Other Councillors;
- c) Chief Executive Officer; and
- d) employees designated as 'senior employees' under section 5.37 of the *Local Government Act 1995 (Deputy CEO)*.

***Ordinary citizen transactions*** means transactions that an ordinary citizen would undertake with Council, which is undertaken on arm's length terms and in the ordinary course of carrying out Council's functions and activities.

Examples of ordinary citizen transactions assessed to be not material in nature are:

- a) paying rates and utility charges;
- b) using Council's public facilities after paying the corresponding fees.

***Related party*** means a person or entity that is related to Council pursuant to the definition contained in AASB 124, Paragraph 9. Examples of related parties of Council are:

- a) KMP;
- b) close family members of KMP;
- c) entities that are controlled, or jointly controlled, by KMP or their close family members.

***Related party transaction*** means a transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged.

Examples of related party transactions are:

- a) purchases or sales of goods;
- b) purchases or sales of property and other assets;
- c) rendering or receiving of services;
- d) rendering or receiving of goods;
- e) leases;
- f) transfers under licence agreements;
- g) transfers under finance arrangements (example: loans);
- h) provision of guarantees (given or received);
- i) commitments to do something if a particular event occurs or does not occur in the future;
- j) settlement of liabilities on behalf of Council or by Council on behalf of that related party.

***Related party disclosure*** means a document entitled Related Party Disclosure by Key Management Personnel in the form set out in Attachment A.

#### **POLICY STATEMENT**

Council, in complying with the disclosure requirements in AASB 124, will:

- a) identify related party relationships, related party transactions and ordinary citizen transactions;
- b) identify information about related party transactions for disclosure;
- c) establish systems to capture and record the related party transactions and information about those transactions;
- d) identify circumstances in which disclosure of the items in subparagraphs (a) and (b) are required; and
- e) determine the disclosures to be made about those items in the General Purpose Financial Statements for the purposes of complying with AASB 124.

Adopted:

## 2.17 RELATED PARTIES DISCLOSURES (*policy 2.17*)

### 1. DEFINITIONS

The following definitions apply to the terms used in this policy:

**Arm's length terms** means terms between parties that are reasonable in the circumstances of the transaction that would result from:

- (a) neither party bearing the other any special duty or obligation; and
- (b) the parties being unrelated and uninfluenced by the other; and each party having acted in its own interest.

**Associate** means, in relation to an entity (***the first entity***), an entity over which the first entity has significant influence.

**Close family members or close members of the family** means in relation to Key Management Personnel (KMP), family members who may be expected to influence, or be influenced by that KMP in their dealings with Council will include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of that person or that person's spouse or domestic partner.

For the purpose of AASB 124, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, uncles/aunts or cousins) if they could be expected to influence, or be influenced by, the KMP in their dealings with Council.

**Control of an entity** means when there is:

- (a) power over the entity;
- (b) exposure or rights to variable returns from involvement with the entity;
- (c) the ability to use power over the entity to affect the amount of returns received; and
- (d) as determined in accordance with AASB 10 Consolidated Financial Statements, Paragraphs 5 to 18, Appendices A (Defined Terms) and B (Application Guidance).

**Joint control** means the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

**Joint venture** means an arrangement of which two or more parties have joint control and have right to the net assets of the arrangement.

**Joint venturer** means a party to a joint venture that has joint control of that joint venture.

**KMP** means Key Management Personnel, being person(s) having authority and responsibility for planning, directing and controlling the activities of Council. Specifically, KMP of Council are:

- (a) Shire President;
- (b) Other Councillors;
- (c) Chief Executive Officer; and
- (d) Employees designated as 'senior employees' under section 5.37 of the *Local Government Act 1995*.

**Ordinary citizen transactions** mean transactions that an ordinary citizen would undertake with Council, which is undertaken on arm's length terms and in the ordinary course of carrying out Council's functions and activities.



Examples of ordinary citizen transactions assessed to be not material in nature are:

- (a) paying rates and utility charges; and
- (b) using Council's public facilities after paying the corresponding fees.

**Related party** means a person or entity that is related to Council pursuant to the definition contained in AASB 124, Paragraph 9. Examples of related parties of Council are:

- (a) KMP;
- (b) close family members of KMP; and
- (c) entities that are controlled, or jointly controlled, by KMP or their close family members.

**Related party transaction** means a transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged.

Examples of related party transactions are:

- (a) purchases or sales of goods;
- (b) purchases or sales of property and other assets;
- (c) rendering or receiving of services;
- (d) rendering or receiving of goods;
- (e) leases;
- (f) transfers under licence agreements;
- (g) transfers under finance arrangements (example: loans);
- (h) provision of guarantees (given or received);
- (i) commitments to do something if a particular event occurs or does not occur in the future; and
- (j) settlement of liabilities on behalf of Council or by Council on behalf of that related party.

**Related party disclosure** means a document entitled Related Party Disclosure by Key Management Personnel in the form set out in Attachment A.

**Significant influence** means the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies, as determined in accordance with Australian Accounting Standard AASB 128 Investments in Associates and Joint Ventures, Paragraphs 3, 5 and 6.

## 2. DISCLOSURE REQUIREMENTS

### 2.1 Disclosures

To comply with AASB 124, for annual periods beginning on and/or after 1 July 2016, Council will make the following disclosures in its General Purpose Financial Statements:

- (a) Relationships between Council and its subsidiaries, irrespective of whether there have been transactions between them;
- (b) Key management personnel (KMP) compensation in total and for each of the following categories:
  - (i) short-term employee benefits;
  - (ii) post-employment benefits;
  - (iii) other long term benefits; and
  - (iv) termination benefits.
- (c) Amounts incurred by Council for the provision of KMP services that are provided by a separate management entity;
- (d) The information specified in Section 2.2 for related party transactions with the following persons during the periods covered by the Financial Statement:
  - (i) joint ventures in which Council is a joint venturer;
  - (ii) Council's KMP;
  - (iii) other related parties, comprising:

- (I) a close family member of a KMP of Council;
- (II) entities controlled or jointly controlled by a KMP of Council;
- (III) entities controlled or jointly controlled by a close family member of a KMP of Council; and
- (IV) other entities as specified in AASB 124, paragraph 9(b)(iii), (iv), (v) and (viii).

## **2.2 Disclosed Information**

For each category of related party transactions specified in Section 2.1(d), Council will disclose the following information in Council's General Purpose Financial Statements:

- (a) the nature of the related party relationship;
- (b) the amount of the transactions;
- (c) the amount of outstanding balances, including commitments and:
  - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
  - (ii) details of any guarantees given or received.
- (d) provisions for doubtful debts related to the amount of outstanding balances; and
- (e) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

## **2.3 Disclosed in Aggregate or Separate**

For each related party category specified in Section 2.1(d), Council will disclose information specified in Section 2.2 for related party transactions of a similar nature in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the Financial Statements of Council, having regard to the following criteria:

- (a) the nature of the related party relationship;
- (b) the significance of the transaction (individually or collectively) in terms of size or value (including where the materiality arises due to the fact that no consideration for the transaction is given or received by Council);
- (c) whether the transaction is carried out on non-arm's length terms; and
- (d) whether the nature of the transaction is outside normal day-to-day business operations, based on the factors and thresholds under the direction of the Deputy CEO in consultation with Council's external auditor.

# **3. IDENTIFYING COUNCIL RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**

## **3.1 Identification**

The Deputy CEO is responsible for identifying associates and joint ventures (incorporated and unincorporated) from the Related Entities Register, a document which is prepared to substantiate Note 19 of the Financial Statements "Interests in Other Entities".

## **3.2 Control or Joint Control**

To determine whether Council has control or joint control of an entity, the Deputy CEO is responsible for applying Australian Accounting Standards AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements.

## **3.3 Joint Ventures**

To determine whether an entity is in a joint venture with Council the Deputy CEO is responsible for applying AASB 128 investments in associates and joint ventures.

## **3.4 Electronic Investigation**

The Deputy CEO is responsible for investigating through Council's business systems whether any identified Council joint ventures have an existing related party transaction with Council.

### **3.5 Information Extraction**

The Deputy CEO is responsible for identifying and extracting information specified in Section 2.2 against each existing related party transaction in Council's business systems for the purpose of recording the related party transactions and associated information in a register of related party transactions.

### **3.6 Manual Investigation and Recording of Information**

For related party transactions that are not captured by Council's business systems, the Deputy CEO is responsible for manually reviewing the transactional documentation and recording the information specified in Section 2.2 for the subject transaction in the register of related party transactions.

## **4. IDENTIFYING RELATED PARTY TRANSACTIONS WITH KMP AND THEIR CLOSE FAMILY MEMBERS**

### **4.1 Related Party Disclosures**

KMP must provide a related party disclosure in the form set out in Attachment A, notifying any existing or potential related party transactions between Council and either themselves, their close family members or entities controlled or jointly controlled by them or any of their close family members, subject to Section 4.5, to the Deputy CEO by no later than the following periods during a financial year (specified notification period):

- (a) 30 days after the commencement of the application of this Policy;
- (b) 30 days after a KMP commences their term or employment with Council;
- (c) 30 November each year; and
- (d) 30 June each year.

### **4.2 Related Party Disclosure Form**

At least 30 days before a specified notification period, the Deputy CEO will provide KMP with a Related Party Disclosure Form (Attachment A) and a Privacy Collection Notice (Attachment B).

### **4.3 Suspected Related Party Transaction**

If a KMP suspects that a transaction may constitute a related party transaction, the KMP should provide a related party disclosure to the Deputy CEO for consideration and determination.

### **4.4 Other Notifications**

The notification requirements in relation to KMP and their close family members are in addition to the notifications a KMP must make to comply with:

- (a) the Code of Conduct; and
- (b) the primary and annual returns required under the *Local Government Act 1995*.

### **4.5 Exclusions**

The notification requirements in Section 4 do not apply to:

- (a) related party transactions that are ordinary citizen transactions not assessed as being material as determined under Section 5; and
- (b) the Shire President and Councillors expenses incurred and facilities provided during the financial year under *Local Government Act 1995* or under Council's Payment of Expenses to Shire President/Mayor and Councillors' Policy.

### **4.6 Information Extraction**

The Deputy CEO is responsible for identifying information specified in Section 2.2 against each notified related party transaction in Council's business systems for the purpose of recording the related party transactions and associated information in the register of related party transactions.

#### **4.7 Other Sources of Information**

To ensure all related party transactions are captured and recorded, the Deputy CEO is responsible for reviewing, if required, other sources of information held by Council including, without limitation:

- (a) a register of interests of a KMP and of persons related to the KMP;
- (b) minutes of Council and committee meetings; and
- (c) Council's Contracts' Register.

### **5. ORDINARY CITIZEN TRANSACTIONS**

#### **5.1 Non-material in Nature**

A KMP is not required to notify in a related party disclosure, and Council will not disclose in its Financial Statements, related party transactions that are ordinary citizen transactions assessed to be not material in nature.

#### **5.2 Material in Nature**

A KMP is required to notify in a related party disclosure and Council will disclose in its Financial Statements in accordance with Section 2, related party transactions that are ordinary citizen transactions assessed to be material in nature.

#### **5.3 Materiality Assessment**

The Deputy CEO is responsible for reviewing and assessing the materiality of related party transactions that are ordinary citizen transactions to determine whether the disclosure of such transactions are necessary for an understanding of the effects of the related party transactions on the Financial Statements having regard to the criteria specified in Section 2.3.

As a general rule, Council will utilise [\$10,000] as the threshold for materiality.

#### **5.4 Information Extraction**

The Deputy CEO is responsible for identifying information specified in Section 2.2 against each notified related party transaction that is an ordinary citizen transaction assessed as being material in nature in Council's business systems for the purpose of recording the related party transactions and associated information in a register of related party transactions.

### **6. REGISTER OF RELATED PARTY TRANSACTIONS**

#### **6.1 Maintain a Register**

The Deputy CEO is responsible for maintaining and keeping up to date a register of related party transactions that captures and records the information specified in Section 2.2 for each existing or potential related party transaction (including ordinary citizen transactions assessed as being material in nature) during a financial year.

#### **6.2 Contents of Register**

The contents of the register of related party transactions must detail for each related party transaction:

- (a) the description of the related party transaction;
- (b) the name of the related party;
- (c) the nature of the related party's relationship with Council;
- (d) whether the notified related party transaction is existing or potential;
- (e) a description of the transactional documents the subject of the related party transaction; and
- (f) the information specified in in Section 2.2.

The Deputy CEO is responsible for ensuring that the information specified in Section 2.2 is disclosed in Council's Financial Statements to the extent, and in the manner stipulated by AASB 124, subject to Section 2.3.

## **7. INFORMATION PRIVACY**

### **7.1 Confidential**

The following information is classified as confidential and is not available for inspection by or disclosure to the public, including through a FOI application:

- (a) information (including personal information) provided by a KMP in a related party disclosure; and
- (b) personal information contained in a register of related party transactions.

### **7.2 When Consent is Required**

Except as specified in this Policy, Council and other permitted recipients will not use or disclose personal information provided in a related party disclosure by a KMP or contained in a register of related party transactions for any other purpose or to any other person except with the prior written consent of the subject KMP.

### **7.3 Permitted Recipients**

The following persons are permitted to access, use and disclose the information (including personal information) provided in a related party disclosure or contained in a register of related party transactions for the purposes specified in Section 7.4:

- (a) the Chief Executive Officer (CEO);
- (b) the Deputy CEO;
- (c) an Auditor of Council (including an Auditor from the WA Auditor General's Office); and
- (d) Other Officers as delegated by the CEO.

### **7.4 Permitted Purposes**

A person specified in Section 7.3 may access, use and disclose information (including personal information) in a related party disclosure or contained in a register of related party transactions for the following purposes:

- (a) to assess and verify a notified related party transaction;
- (b) to reconcile identified related party transactions against those notified in a related party disclosure or contained in a register of related party transactions;
- (c) to comply with the disclosure requirements of AASB 124; and
- (d) to verify compliance with the disclosure requirements of AASB 124.

### **7.5 Individual Access**

An individual may access their personal information provided by a KMP in a related party disclosure or contained in a register of related party transactions.

## Related Party Disclosure by Key Management Personnel

[Note: This document is confidential]

**Name of Key Management Personnel:** \_\_\_\_\_

**Position of Key Management Personnel:** \_\_\_\_\_

Please read the Privacy Collection Notice provided with this notification, which explains what is a related party transaction and the purposes for which Council is collecting and will use and disclose, the related party information provided by you in this notification.

Please complete the table below **for each related party transaction with Council** that you, or a close member of your family, or an entity related to you or a close member of your family:

- (a) has previously entered into **and** which will continue in the **##insert relevant financial year Eg. 2016/2017##** financial year; or
- (b) has entered into, or is reasonably likely to enter into, in the **##insert relevant financial year Eg. 2016/2017##** financial year.

Description of Related Party Transaction	Is transaction existing/potential?	Related Party's Name (Individual's or entity's name)	Related Party's Relationship/ Reasons why related	Description of Transaction Documents or Changes to the Related Party Relationship

Description of Related Party Transaction	Is transaction existing/potential?	Related Party's Name (Individual's or entity's name)	Related Party's Relationship/ Reasons why related	Description of Transaction Documents or Changes to the Related Party Relationship

### Notification

I \_\_\_\_\_, \_\_\_\_\_ notify that, to the best of my knowledge, information and belief,

(Full name)

(Position)

as at the date of this notification, the above list includes all existing and potential related party transactions with Council involving myself, close members of my family, or entities controlled or jointly controlled by me or close members of my family, relevant to the **##insert relevant financial year Eg. 2016/2017##** financial year.

I make this notification after reading the Privacy Collection Notice provided by **[local government name]**, which details the meaning of the words “related party”, “related party transaction”, “close members of the family of a person” and, in relation to an entity, “control” or “joint control”, and the purposes for which this information will be used and disclosed.

I permit the **[Responsible Accounting Officer]** and the other permitted recipients specified in Council’s Related Party Disclosure Policy to access the register of interests of me and persons related to me and to use the information for the purposes specified in that policy.

Signature of named Key Management Personnel: \_\_\_\_\_

Dated: \_\_\_\_\_

## **PRIVACY COLLECTION NOTICE**

### **RELATED PARTY DISCLOSURES BY KEY MANAGEMENT PERSONNEL**

#### **Purpose of Collection, Use and Disclosure**

Effective for annual periods beginning on or after 1 July 2016, Council must disclose certain related party relationships and related party transactions together with information associated with those transactions in its general purpose financial statements, in order to comply with *Australian Accounting Standard AASB 124 Related Party Disclosures July 2015 (AASB 124)*.

Related parties include Council's key management personnel (KMP), their close family members, and any entities that they or any of their close family members control or jointly control.

A related party transaction is any transaction (whether a transfer of resources, services or obligations) between the reporting local government and any of the related parties, whether monetary or not.

If there is a related party transaction with Council applicable to a reporting financial year, AASB 124 requires Council to disclose in the financial statements the nature of the related party relationship and information about the transaction, including outstanding balances and commitments associated with the transaction. Disclosure in the financial statements may be in the aggregate and/or made separately, depending on the materiality of the transaction.

For more information about Council's disclosure requirements under AASB 124, please refer to Council's Related Party Disclosure Policy.

#### **Notifications by Key Management Personnel**

In order to comply with AASB 124, Council has adopted a policy that requires all members of its KMP to periodically provide notifications to the Deputy CEO of any existing or potential related party transactions between Council and any of their related parties during a financial year, and any changes to previously notified related party relationships and transactions relevant to the subject financial year.

To this end, each KMP must provide a Related Party Disclosure, in the approved form, notifying any existing or potential related party transactions between Council and any related parties of the KMP, to the Manager Governance and Information by no later than the following periods during a financial year:

- 30 days after the commencement of the application of this policy;
- 30 days after a KMP commences their term or employment with Council;
- 30 November (each year); and
- 30 June (each year).

Note, these related party disclosure requirements are in addition to the notifications KMPs are required to make to comply with the Code of Conduct.

This includes disclosures relating to Financial Interests and Gifts. Council's Auditors may audit related party information as part of the annual external audit.

For privacy and right to information status of this information, please refer to Council's Related Party Disclosure Policy.



## Who are KMPs?

KMPs are persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. For Council, KMPs can include:

- Mayor/President and Councillors;
- CEO;
- Directors;
- Designated Senior Officers under the Local Government Act 1995.

## Who are close family members of a KMP Person?

Close family members, or close members of the family, of a KMP are family members who may be expected to influence, or be influenced by, that person in their dealings with Council and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Under AASB 124, close family members could include extended members of a family (such as, without limitation, a parent, grandparent, siblings, etc) *if* they could be expected to influence, or be influenced by, the KMP in their dealings with Council.

The following table may assist you in identifying your close family members:

Definitely a close family member	Maybe a close family member
Your spouse/domestic partner	Your brothers and sisters, if they could be expected to influence, or be influenced by, you in their dealings with Council
Your children	Your aunts, uncles and cousins, if they could be expected to influence, or be influenced by, you in their dealings with Council
Your dependents	Your parents and grandparents, if they could be expected to influence, or be influenced by, you in their dealings with Council
Children of your spouse/domestic partner	Your nieces and nephews, if they could be expected to influence, or be influenced by, you in their dealings with Council
Dependents of your spouse/domestic partner	Any other member of your family if they could be expected to influence, or be influenced, by you in their dealings with Council

## What is an entity that I, or my close family member, control or jointly control?

Entities include companies, trusts, incorporated and unincorporated associations such as clubs and charities, joint ventures and partnerships.

### Control

You control an entity if you have:

- (a) power over the entity;
- (b) exposure, or rights, to variable returns from your involvement with the entity; and
- (c) the ability to use your power over the entity to affect the amount of your returns.

In some cases, it will be obvious that you or a family member control or have joint control over an entity. In other cases, it will be less clear.

If you are unsure whether you, or a close family member, has control or joint control of an entity then you should contact the Deputy CEO for a confidential discussion.

Our Ref: LG17-47; E1730846

TO ALL LOCAL GOVERNMENTS

CIRCULAR N<sup>o</sup> 12-2017

### **AASB 124 RELATED PARTY DISCLOSURES FACT SHEET**

In June 2017, the Department of Local Government, Sport and Cultural Industries (DLGSC) emailed [Circular 07-2017](#) to all local governments promoting the AASB124 Related Party Disclosure Implementation Guide.

In addition to DLGSC's guide, a quick-reference fact sheet has now been developed to provide an overview of the process required to comply with AASB 124.

This fact sheet highlights the step-by-step process for: identifying council related parties, collecting information from key management personnel, assessing the related transactions, determining what transactions need to be reported and what transactions can be excluded.

The guide attached to Circular 07-2017 and this fact sheet are intended to assist local governments in developing internal procedures and council policy to meet the financial reporting obligation imposed by the Australian Accounting Standards.

For more information, please contact Ning Yan on 6552 1701 or via email [ning.yan@dlgsc.wa.gov.au](mailto:ning.yan@dlgsc.wa.gov.au).



Duncan Ord  
DIRECTOR GENERAL

27 July 2017

# AASB 124

## Related Party Disclosures – Fact Sheet

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### Background

Australian Accounting Standard AASB 124 Related Party Disclosures requires that all local governments disclose in the 2016-17 Annual Financial Reports, related party relationships, transactions and outstanding balances.

The information covers the period between **1 July 2016 and 30 June 2017** and includes a person or entity deemed a related entity or Key Management Personnel (KMP) during the year.

The department has released an [Implementation Guide](#) that provides detailed definitions, steps and references to comply with AASB 124.

Building on the feedback from local governments, the department has also developed this step-by-step fact sheet as a companion to the guide, to assist local governments in complying with the accounting standard.

### Step 1: Identify the related parties

Identify the related parties, these include persons (KMPs) and entities.

#### Part A: Prepare a list of KMPs

Determine who has the authority and responsibility for planning, directing and controlling the activities of your council.

KMPs are:

- elected members including mayors and presidents
- chief executive officers (CEOs)
- senior officers who heavily influence council decision-making and/or direct and control significant functions of council.

KMPs are not:

- non-councillor members of council committees which provide recommendations, but do not make any decisions on behalf of council, i.e. a committee member with no other role in council.
- council officers with purchasing delegation on behalf of the council (only).

See Appendix – 1. Examples of KMPs.

## **Part B: Identify entities related to council**

These are entities that are ‘controlled’ or ‘jointly controlled’ or those where council has ‘significant influence’ including regional councils and regional subsidiaries. Some transactions with regional councils are already captured under joint ventures.

### **Step 2: Ensure KMPs complete the form**

Ensure all KMPs complete a related party disclosure form. The form requests details of the names of close family members and entities that the KMPs or their close family member control or jointly control.

Other information included on the disclosure form includes details of transactions outside of ordinary citizen transactions (OCT). Examples include the use of council facilities at a concession, leasing and sale of residential and commercial properties, and providing and receiving of goods and services to and from the council.

See Appendix – 3. Related Party Disclosure Form.

### **Step 3: Identify all transactions**

Identify all transactions between the local government entity, related entities and KMPs and their businesses (including family businesses) by conducting a name/ABN search through the council’s accounting system using the information collected (i.e. search the council’s creditor/supplier list, debtor list, etc.). Record the related party transactions in a register.

### **Step 4: Assess the register**

Assess the register of related party transactions to identify material related party transactions that require disclosure and exclude any OCTs.

Related party transactions are all transactions that involve a transfer of resources, services or obligations between the council and the related parties, regardless of whether a price is charged. However, some related party transactions can be excluded due to the nature of the transaction. These are referred to as Ordinary Citizen Transaction (OCTs).

OCTs are transactions with the council provided 'at arm's length' - in similar terms and conditions to members of the public. They provide no useful information for the user of the financial statement. For example, a councillor pays rates or uses the shire facilities and pays a fee the same way as all other rate payers. This information is of little use to the user of a financial report and can be excluded.

Types of OCTs should be pre-determined by council, listed in the council's related party policy or clearly stated in council's internal procedure.

See Appendix – 2. Examples of related party transactions (includes OCTs).

## Step 5: Prepare the information

Have the information collected and documentation prepared before the auditor's end-of-year visit. Use the information to make disclosures in the annual financial report.

## Step 6: Make the disclosures

When making a disclosure, only material transactions need to be reported in the financial report. Disclosures are generally aggregated for categories of related party transactions. This means individual names and amounts per transaction will not be disclosed unless otherwise required.

See Appendix – 4. Annual financial report disclosure examples.

## Other issues to consider

### Frequency of completing the disclosure form

Consult with your external auditor to determine the appropriate frequency (quarterly/half yearly or any other period). However, the disclosure form should be completed by elected members prior to an election and KMPs prior to the termination of employment.

## Disclosures in aggregate or separate

For each related party category, councils are generally only required to disclose items of a similar nature in aggregate (one lump sum), except when a separate disclosure is necessary for an understanding of the effect of a related party transaction on financial statement (AASB 124, para 22).

## Confidentiality

Information collected in a disclosure form should be treated in confidence and use for meeting compliance with council's reporting obligation.

## Materiality

You should apply professional judgement (in consultation with the auditor and audit committee) to assess the materiality (significance) of transactions, considering both size and nature of the transaction individually and collectively.

Some factors to consider are if the transaction was:

- significant in terms of size (value)
- carried out on non-market terms
- outside normal daily council operations
- subject to council approval
- provided a financial benefit not available to the general public
- likely to influence the decisions of users of the financial statement.

The Australian Accounting Standards Board (AASB) considers there to be little value in an entity incurring significant costs to obtain data that is immaterial for disclosure. AASB allows for a materiality threshold similar to that applied to financial statement disclosure to be adopted provided the transaction has occurred at arm's length and no different to that applying to general public.

## Consider the press test

If information is omitted, would it make newspaper headlines if it were to be discovered?  
Would this information impact a rate payer in their vote for councillors?

Although not required to comply with the accounting standard, it is highly recommended that each council adopts a council policy on Related Party Disclosures that provides clarification on council process. Refer to the department's [Implementation Guide](#) for details.

## Appendix

### 1. Examples of KMPs:

- Elected council members.
- A person employed under s5.36 of the *Local Government Act* in the capacity of chief executive officer.
- Senior officers who heavily influence council decision making and/or direct and control significant functions of council, would also be a KMP.
- Close family members of KMPs including: child, spouse or domestic partner, children of a spouse or domestic partner, dependents of that person or person's spouse or domestic partner. Could also include any other family member if there is a strong connection or has the ability to/be influence (by) the KMP.
- Entities that are controlled or jointly controlled by a KMP or their close family members. These include companies, trusts, joint ventures, partnership and non-profit associations such as a sporting club.

### 2. Example of related party transactions

A related party transaction is a transfer of resources, services or obligation between the local government (report entity) and the related party (KMPs) regardless of whether a price is charged.

#### **Transactions that could be exempt from disclosure (OCTs)**

Examples of OCTs are:

- paying rates, fines, fees and charges
- 'at arms-length' use of local government facilities, such as a recreation centre, civic centre, library, parks, ovals and other public open spaces (whether charged a fee or not).

These transactions could be excluded from disclosure provided these are 'at arm's length' and in similar terms and conditions to other members of the public and the amount is immaterial.

If any benefit were given outside of OCT i.e. if a discount is given for entrance to a recreation centre for KMPs, then the total discount amount should be disclosed in the financial report

### **Transactions that require disclosure:**

- Employee compensation for related parties (KMP and or close family members of a KMP employed by the local government).
- Elected member remuneration.
- Transactions between the local government and the related parties (related entities, KMPs, KMPs' families and any entities controlled/jointly controlled thereof) for:
  - exchange of goods and/or services provided by/to the local government
  - purchase/sales and lease of goods, property and other assets to and from the local government
  - loan arrangements between the local government and the related parties.
  - commitments such as contracts and legal agreements for provision of goods and services regardless of whether it does eventuate or not in the future
  - provision of guarantees (given or received)
  - expenses recognised during the period including bad debts
  - the amount of outstanding balances and provisions given for doubtful debts relating to the balances.

### **3. Related Party Disclosure Form**

Audit firm Moore Stephens has produced guidance note including a sample related party disclosure form that can be accessed via [WALGA INFOPAGE](#) – see pages 20-27.

### **4. Annual financial report disclosure examples**

Detailed disclosure requirements are provided on page 7 of the department's [Implementation Guide](#) and will not be repeated here. See the following examples of disclosure note for an annual financial report:

- [WALGA Infopage](#) – Moore Stephens example pages 6-7
- Queensland Department of Infrastructure, Local Government and Planning – [Related Party Disclosure Bulletin](#), Appendix 3
- NSW Office of Local Government [2016/17 Code of Accounting Practice and Financial Reporting \(update 25\)](#), Note 28 on page A-134.



## For more information, please contact:

Department of Local Government, Sport and Cultural Industries

Gordon Stephenson House, 140 William Street, Perth WA 6000

GPO Box R1250, Perth WA 6844

Telephone: (08) 6551 8700 Fax: (08) 6552 1555

Freecall: 1800 620 511 (Country only)

Email: [info@dlqsc.wa.gov.au](mailto:info@dlqsc.wa.gov.au) Website: [www.dlqsc.wa.gov.au](http://www.dlqsc.wa.gov.au)

Translating and Interpreting Service (TIS) – Telephone: 13 14 50

Our Ref: 38-11; E1716966

TO ALL LOCAL GOVERNMENTS

CIRCULAR N<sup>o</sup> 07-2017

## **CHANGES TO ACCOUNTING STANDARDS – IMPLEMENTATION OF RELATED PARTY DISCLOSURES**

As a result of changes to the accounting standards, from 2016/17 financial year, all local governments are required to disclose the nature of related party relationships when preparing general purpose financial reports in compliance with AASB 124.

AASB 124 is the Australian accounting standard that provides a framework for reporting relationships between the key decision makers in a reporting entity and the reporting entity. This relationship is commonly described as “related party”.

AASB 124 will only impact on disclosure in financial statements and will not impact on financial position or performance. Local governments are required to disclose when a related party transaction has occurred in the reporting year.

The Department of Local Government and Communities (DLGC) recommends that each local government establish and implement systems to identify related parties to enable recording of related party transactions from 1 July 2016. If the transaction(s) are material, this will need to be disclosed in the annual financial report in accordance with the requirements set out in AASB 124.

The [AASB124 Related Party Disclosure Implementation Guide](#) has been prepared to assist local governments to implement this new requirement and is available on the DLGC website.

The guide provides key reporting requirements, implementation steps, a useful check list, a sample council policy and sample disclosure notes. For more information, contact Ning Yan on 6552 1701 or via email [ning.yan@dlgc.wa.gov.au](mailto:ning.yan@dlgc.wa.gov.au).



Jennifer Mathews  
DIRECTOR GENERAL

14 June 2017

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### AASB 2015-6

This Standard was issued in March 2015 and extends the Scope of AASB 124 *Related Party Disclosures* to include application by not-for-profit entities.

Operative Date for Local Government: 1 July 2016 (effectively for the year ended 30 June 2017).

Comparatives: No comparatives will be required to be presented in the period of initial implementation.

#### AASB 124

#### SUMMARY

#### APPLICATION AND SCOPE

##### AASB 124.2

This standard is applied in:

- Identifying related party transactions and relationships;
- Identifying outstanding balances including commitments between an entity and its related parties;
- Identifying circumstances in which disclosure of the above items are required;
- Determining the disclosures to be made about those items.

#### PURPOSE OF RELATED PARTY DISCLOSURES

##### AASB 124.5 TO 124.8

Knowledge of related party transactions, outstanding balances and relationships is important to understanding and assessing an entity's operations.

#### DEFINITIONS

##### AASB 124.9 TO 124.12

Definitions include related party, compensation, control, key management personnel, director and remuneration as well as some explanations and clarifications.

#### DISCLOSURE

##### AASB 124.13 TO 124.27

Includes:

- Relationships between parents and subsidiaries of the entity, regardless of whether there have been any transactions between the related parties (may be applicable to local government under new legislation);
- Information about key management personnel compensation in total and for certain categories;
- Certain information about transactions between related parties and any outstanding balances at reporting date for each type of related party; and
- Information about government-related entities.

#### ILLUSTRATIVE EXAMPLES

Includes illustrative examples – one specifically relating to a Councillor of a local government.

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### DISCLOSURES

#### KEY REQUIREMENTS OF AASB 124

##### AASB 124.17

A local government shall disclose key management personnel compensation in total and for each of the following categories:

- a) Short-term employee benefits;
- b) Post-employment benefits;
- c) Other long-term benefits;
- d) Termination benefits; and
- e) Share-based payment.

##### AASB 124.18

If the local government has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:

- a) The amount of the transactions;
- b) The amount of outstanding balances, including commitments, and
  - i. their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
  - ii. details of any guarantees given or received;
- c) Provisions for doubtful debts related to the amount of outstanding balances; and
- d) The expense recognised during the period in respect of bad or doubtful debts due from related parties.

##### AASB 124.18A

Amounts incurred by the local government for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.

##### AASB 124.19

The disclosures required by paragraph 18 should be made separately for each of the following categories:

- a) The parent;
- b) Entities with joint control or significant influence over the entity;
- c) Subsidiaries;
- d) Associates;
- e) Joint ventures in which the entity is a venturer;
- f) Key management personnel of the entity or its parent; and
- g) Other related parties.

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### DISCLOSURES (CONTINUED)

##### AASB 124.21

The following are examples of transactions that are disclosed if they are with a related party:

- a) purchases or sales of goods (finished or unfinished);
- b) purchases or sales of property and other assets;
- c) rendering or receiving of services; and
- d) leases.

##### AASB 124.23

Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

##### AASB 124.24

Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the local government.

#### RELEVANT DEFINITIONS

##### AASB 124.9

##### **Related Party:**

A person or entity that is related to the local government that is preparing its financial statements.

A person or a close member of that person's family is related if that person:

- i. (not applicable to local government);
- ii. Has significant influence over the reporting entity; or
- iii. Is a member of the key management personnel of the reporting entity.

An entity is related if any of the following conditions applies:

- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others) - may be applicable; or
- ii. A person .... is a member of the key management personnel of the entity.

**Note: Many of the other conditions listed in this paragraph do not apply and we have chosen, for the sake of clarity, not to list them here.**

##### **Related Party Transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### RELEVANT DEFINITIONS (CONTINUED)

##### **Close Members of the Family of a Person:**

Those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- a) That person’s children and spouse or domestic partner;
- b) Children of that person’s spouse or domestic partner; and
- c) Dependants of that person or that person’s spouse or domestic partner.

##### **Compensation**

Includes all employee benefits – refer to content of AASA 124.9 for specific details.

##### **Key Management Personnel**

Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

In the case of local government will include all Councillors and Senior Staff.

Senior Staff would include the CEO, deputy CEO and any staff member at a Director or Executive Manager level.

In the case of rural/regional local governments, there would also be the need to include the works supervisor, health inspector, planning officer where they have direct responsibility for an operational area of local government.

#### SUBSTANCE OVER FORM

##### AASB 124.10

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

#### CLARIFICATIONS

##### AASB 124.11

In the context of AASB 124, the following are not related parties:

- a) Two entities simply because they have a member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.
- b) Two joint ventures simply because they share joint control over a joint venture.
  - i. providers of finance,
  - ii. trade unions,
  - iii. public utilities, and
  - iv. departments and agencies of a government that does not control, jointly control or significantly influence the local government.
  - v. simply by virtue of their normal dealings with the local government (even though they may affect the freedom of action of a local government or participate in its decision-making process).
- c) A customer, supplier, franchisor, distributor or general agent with whom the local government transacts a significant volume of business.

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### EXAMPLE DISCLOSURE

**NOTE: Such disclosure is not required until the year ended 30 June 2017. The City/Town/Shire of Somewhere model will be adjusted to incorporate the disclosure requirements of AASB 124 at that time.**

The purpose of this example disclosure is to provide information and guidance with respect to upcoming requirements.

They are in addition to existing disclosure requirements which will be adjusted at the time.

For example, if material, certain disclosures relating to sales of goods, assets etc are already made elsewhere in the financial report and can easily be expanded to include a line item for related parties.

We have also only provided examples of those relating to local government with a comment on their likelihood.

**Please see pages 6 and 7 for example disclosure.**

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### EXAMPLE DISCLOSURE

##### Key Management Personnel Compensation Disclosure

The totals of remuneration paid to KMP of the City/Town/Shire during the year are as follows:

	2017	2016
	\$	\$
AASB 124.17(a) Short-term employee benefits	AAA	EEE
AASB 124.17(b) Post-employment benefits	BBB	FFF
AASB 124.17(c) Other long-term benefits	CCC	GGG
AASB 124.17(d) Termination benefits	DDD	HHH
Total KMP compensation	ZZZ	XXX

##### Short-term employee benefits

These amounts include all salary, paid leave benefits, fringe benefits and cash bonuses awarded to KMP.

Details in respect to fees and benefits paid to Councilors may be found at Note XX.

##### Post-employment benefits

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

##### Other long-term benefits

These amounts represent long service benefits accruing during the year.

##### Termination benefits

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



## AASB 124 – “RELATED PARTY DISCLOSURES”

### EXAMPLE DISCLOSURE (CONTINUED)

#### Related Party Transactions Detail Disclosure

##### Related Parties

##### The City/Town/Shire’s main related parties are as follows:

i. *Key management personnel:*

AASB 124.9, 18

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

ii. *Entities subject to significant influence by the City/Town/Shire*

AASB 124.9, 18

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

For details of interests held in associated entities, refer to Note X.

iii. *Joint venture entities accounted for under the equity method:*

AASB 124.9, 18

The Group has a 50% interest in Somewhere Regional Council. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note YY.

##### Transactions with related parties:

AASB 124.23

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

The following transactions occurred with related parties:

**2017**

**\$**

##### Associated companies/individuals:

Sale of goods and services

Likely

Purchase of goods and services

Likely

##### Joint venture entities:

AASB 124.18(a),  
19(e), 21(g)

Distributions received from joint venture entities

Possible

##### Amounts outstanding from related parties:

Trade and other receivables

Possible

AASB 124.19(d),  
21(g)

Loans to associated entities

Possible but highly unlikely

AASB 124.19(f)

Loans to key management personnel

Possible but highly unlikely

**Note: If loans of this nature are provided, then details relating to terms and conditions should be disclosed in narrative form.**

##### Amounts payable to related parties:

Trade and other payables:

AASB 124.19(d),  
21(g)

Loans from associated entities

Possible

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### IMPLEMENTATION GUIDANCE

Implementation and guidance applying to public sector entities (ie local government) forms an integral part of AASB 124.

Some key paragraphs to assist with interpretation have been extended and are detailed (unaltered) as follows:

#### KEY MANAGEMENT PERSONNEL

##### AASB 2015-6. IG 3

Paragraph 9 of the Standard defines key management personnel as being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. In a public sector context, entities should consider the facts and circumstances in assessing whether a person is a member of the key management personnel, as defined, of the entity. For example, the facts and circumstances may reflect that not all persons described as ‘senior executive staff’ or ‘Secretary’ or ‘Minister’ may be key management personnel of the entity. Similarly, in relation to a not-for-profit public sector entity, the facts and circumstances may reflect that a person’s powers do not give rise to a capacity to direct or control the activities of an entity, where the powers are only ceremonial or procedural in substance.

#### RELATED PARTY TRANSACTIONS

##### AASB 2015-6. IG 9

Paragraph 18 of the Standard requires an entity to disclose information about transactions that have occurred between the entity and its related parties, including transactions between the entity and its key management personnel or key management personnel of the entity’s parent, that is necessary for users to understand the potential effect of the relationship on the financial statements.

##### AASB 2015-6. IG 10

Ministers, councillors and other senior public servants may qualify as a related party of a public sector entity under one or more of the criteria set down in paragraph 9(a) of the definition of ‘related party’ in AASB 124. For example, a Minister who is a member of the key management personnel of his government is, under the definition of ‘related party’, a related party not only of the government but also of each controlled entity of that government. In such instances, the Standard requires the controlled government entity to disclose related party transactions with that Minister, whether or not the Minister has responsibility for the entity.

##### AASB 2015-6. IG 11

A related party transaction is a transfer of resources, services or obligations between an entity and its related party, regardless of whether a price is charged. In the not-for-profit public sector, many entities are likely to engage frequently with persons who are a related party of that entity in the course of delivering the entity’s public service objectives, including the raising of funds (for example, rates and taxes) to meet those objectives. These related party transactions often occur on terms and conditions no different to those applying to the general public (for example, the Medicare rebate or public school fees). A not-for-profit public section entity may determine that information about related party transactions occurring during the course of delivering its public service objectives and which occur on no different terms to that of the general public is not material for disclosure in its general purpose financial statements is included in AASA 101 “Presentation of Financial

Statements and AASA 108 “Accounting Policies, Changes in Accounting Estimates and Errors. The factors described in paragraph 27 of the Standard may also assist an entity in making this determination.

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### IMPLEMENTATION GUIDANCE (CONTINUED)

##### AASB 2015-6. IG 12

Examples 7-8 describe different types of related party transactions that may occur between not-for-profit public sector entities and their related parties.

##### Example 7

Councillor P is a member of the key management personnel of the LMN local government (the Council). The Council’s functions include raising revenue to fund its functions and activities, and planning for and providing services and facilities (including infrastructure) for the local community. In carrying out its functions, the Council undertakes a wide range of activities including the imposition of rates and charges upon constituents, and the provision without charge of services such as parks and roads.

Councillor P is a ratepayer residing within the Council’s constituency. As such, he takes advantage of the availability of free public access to local parks and libraries. Councillor P also used the swimming pool at the Council’s Recreation Centre twice during the financial year, paying the casual entry fee applicable to the general public each time. The recreation centre has approximately 20,000 visitors each financial year.

All of the transactions described above between the Council and Councillor P are related party transactions of the Council and are considered for disclosure in the Council’s general purpose financial statements. Based on the facts and circumstances described, the Council may determine that these transactions are unlikely to influence the decisions that users of the Council’s financial statements make having regard to both the extent of the transactions, and that the transactions have occurred between the Council and Councillor P within a public service provider/taxpayer relationship.

**Note: Example 8 was not included as it does not relate to local government.**

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### BASIS FOR CONCLUSIONS

Whilst not forming part of the standard, the AASB has provided explanations in respect to their conclusions. We have extracted (unaltered) some key bases (as they relate to local government).

#### DEFINITION OF KEY MANAGEMENT PERSONNEL

##### AASB 2015-6. BC 8

The Board considered whether an amendment of the definition of key management personnel for the not-for-profit public sector would be necessary to facilitate a decision to remove the not-for-profit public sector exemption from AASB 124, but decided that the present definition was suitable. The AASB noted that, in a public sector context, entities should consider the facts and circumstances in assessing whether a person is a member of the key management personnel, as defined, of the entity.

##### AASB 2015-6. BC 9

The Board considered that normally, the determination of key management personnel will be similar for entities in the public sector or the private sector. For example, a not-for-profit public sector entity will need to determine whether all, or only certain, of its senior executive service employees meet the definition of key management personnel. However, the Board acknowledged constituents' concerns that the determination of key management personnel may not be straightforward in the not-for-profit public sector given ministerial type roles. The Board noted that it does not regard a Minister to always be a member of the key management personnel of a not-for-profit public sector entity or of a for-profit public sector entity; rather, this is dependent on the particular circumstances of the jurisdiction and of the entity. Accordingly, the Board decided to add guidance to the Standard, in the absence of a private sector analogy, to assist public sector entities in applying the definition of key management personnel to Ministers, as ministerial-type roles do not usually arise in a private sector.

##### AASB 2015-6. BC 17

The Board noted that, as is often the case with related party transactions, judgement would be required as to when transactions are material, especially when qualitative assessments are made about the nature of transactions. The Board considered situations in which Ministers or local government councillors paid taxes, levies or other statutory charges or fees faced generally by citizens. The Board does not expect, absent unusual circumstances, that the application of materiality would result in disclosure in many of these situations. In contrast, a commercial contract entered into by a Minister or local government councillor with a related public sector entity may be relevant for disclosure, similar to a commercial contract between a member of the key management personnel of a for-profit entity and the reporting entity (for example, a contract to provide accountancy services between the entity and an entity controlled by a member of the key management personnel). Accordingly, the Board observed that a not-for-profit public sector entity would also need to apply judgement in determining the extent of information it needs to collect to meet the objective of AASB 124, as there is little value in an entity incurring significant costs to obtain data that is immaterial for disclosure. The Board noted that it would expect appropriate criteria to be identified so that information about transactions that are possible material (for example, transactions that have occurred at a different price or volume to that applying to the general public) is captured for assessment.

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### DEFINITION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

##### AASB 2015-6. BC 18

Having regard to the role of materiality, the Board decided that no specific exemption from disclosure of the related party transactions with key management personnel of a not-for-profit public sector entity, including any Ministers or local government councillors where so identified, was necessary. However, to respond to constituents’ requests for clarification on the extent of disclosures required of related party transactions that occur in the not-for-profit public sector, the Board decided to add implementation guidance to AASB 124 to assist not-for-profit public sector entities in this regard.

#### APPLICATION DATE AND TRANSITIONAL PROVISIONS

##### AASB 2015-6. BC 30

The Board considered the application date and transitional provisions of the amendments to extend the scope of AASB 124 to include not-for-profit public sector entities. The Board acknowledged constituent concerns about the ability of existing systems, processes and controls to capture the information required, and requests for a lengthy transition period prior to mandatory application of the amendments.

##### AASB 2015-6. BC 31

The Board was disinclined to unnecessarily further extend the period to which these amendments are on issue before mandatory application, having made its key decisions on the amendments in 2012, and as the finalised amendments are largely as were exposed. Further, the Board noted that Australian Implementation Guidance to AASB 10 Consolidated Financial Statements relating to the application of control by not-for-profit entities had been issued by the Board in October 2013. The Board also noted that the forthcoming issue of an amending standard extending the scope of AASB 124 to not-for-profit public sector entities has been signalled in its publicly available work program. Accordingly, the Board decided that the amendments should apply to annual reporting periods beginning on or after 1 July 2016.

##### AASB 2015-6. BC 32

However, having regard to constituent concerns, the Board decided not to require comparative related party disclosures to be presented in the period of initial application of the amendments.

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### BUSINESS OPERATING PROCEDURE

**Corporate Services/Governance & Finance**

**Procedure Number XXX**

#### PROCEDURE FOR RELATED PARTY DISCLOSURES

The scope of AASB 124 *Related Party Disclosures* was extended in July 2015 to include application by not-for-profit entities, including local governments. The operative date for Local Government is 1 July 2016, with the first disclosures to be made in the Financial Statements for year ended 30 June 2017. This procedure outlines required mechanisms to meet the disclosure requirements of AASB 124.

#### BACKGROUND

The objective of the standard is to ensure that an entity's financial statements contain disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and transactions.

The disclosure requirements apply to the existence of relationships regardless of whether a transaction has occurred or not. For each financial year, the **Shire/Town/City** must make an informed judgement as to who is considered to be a related party and what transactions need to be considered, when determining if disclosure is required.

The purpose of this procedure is to stipulate the information to be requested from related parties to enable an informed judgement to be made.

#### 1. Identification of Related Parties

AASB 124 provides that the **Shire/Town/City** will be required to disclose in its Annual Financial reports, related party relationships, transactions and outstanding balances.

Related parties includes a person who has significant influence over the reporting entity, a member of the key management personnel (KMP) of the entity, or a close family member of that person who may be expected to influence that person.

KMP are defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

For the purposes of determining the application of the standard, the **Shire/Town/City** has identified the following persons as meeting the definition of *Related Party*:

- An elected Council member
- Key management personnel being a person employed under section 5.36 of the Local Government Act 1995 in the capacity of Chief Executive Officer or Director
- Close members of the family of any person listed above, including that person's child, spouse or domestic partner, children of a spouse or domestic partner, dependents of that person or person's spouse or domestic partner.
- Entities that are controlled or jointly controlled by a Council member, KMP or their close family members. (Entities include companies, trusts, joint ventures, partnerships and non-profit associations such as sporting clubs).

The **Shire/Town/City** will therefore be required to assess all transactions made with these persons or entities.

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### 2. Identification of related party transactions

A related party transaction is a transfer of resources, services or obligations between the **Shire/Town/City** (reporting entity) and the related party, regardless of whether a price is charged.

For the purposes of determining whether a related party transaction has occurred, the following transactions or provision of services have been identified as meeting this criteria:

- Paying rates
- Fines
- Use of **Shire/Town/City** owned facilities such as **[Recreation Centre, Civic Centre, library, parks, ovals and other public open spaces (whether charged a fee or not)]**
- Attending council functions that are open to the public
- Employee compensation whether it is for KMP or close family members of KMP
- Application fees paid to the **Shire/Town/City** for licences, approvals or permits
- Lease agreements for housing rental (whether for a **Shire/Town/City** owned property or property sub-leased by the **Shire/Town/City** through a Real Estate Agent)
- Lease agreements for commercial properties
- Monetary and non-monetary transactions between the **Shire/Town/City** and any business or associated entity owned or controlled by the related party (including family) in exchange for goods and/or services provided by/to the **Shire/Town/City** (trading arrangement)
- Sale or purchase of any property owned by the **Shire/Town/City**, to a person identified above.
- Sale or purchase of any property owned by a person identified above, to the **Shire/Town/City**
- Loan Arrangements
- Contracts and agreements for construction, consultancy or services

Some of the transactions listed above, occur on terms and conditions no different to those applying to the general public and have been provided in the course of delivering public service objectives. These transactions are those that an ordinary citizen would undertake with council and are referred to as an Ordinary Citizen Transaction (OCT). Where the **Shire/Town/City** can determine that an OCT was provided at arms length, and in similar terms and conditions to other members of the public and, that the nature of the transaction is immaterial, no disclosure in the annual financial report will be required.

#### 3. Disclosure Requirements

For the purposes of determining relevant transactions in point 2 above, elected Council members and key management personnel as identified above, will be required to complete a *Related Party Disclosures - Declaration* form for submission to financial services.

##### Ordinary Citizen Transactions (OCTs)

Management will put forward a draft resolution to Council annually, declaring that in its opinion, based on the facts and circumstances, the following OCT that are provided on terms and conditions no different to those applying to the general public and which have been provided in the course of delivering public service objectives, are unlikely to influence the decisions that users of the Council's financial statements make. As such no disclosure in the quarterly *Related Party Disclosures - Declaration* form will be required.

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

- Paying rates
- Fines
- Use of **Shire/Town/City** owned facilities such as Recreation Centre, Civic Centre, library, parks, ovals and other public open spaces (whether charged a fee or not)
- Attending council functions that are open to the public

Where these services were not provided at arms length and under the same terms and conditions applying to the general public, elected Council members and KMP will be required to make a declaration in the *Related Party Disclosures - Declaration* form about the nature of any discount or special terms received.

#### All other transactions

For all other transactions listed in point 2 above, elected Council members and KMP will be required to make a declaration in the *Related Party Disclosures - Declaration* form.

#### Frequency of disclosures

Elected Council members and KMP will be required to complete a *Related Party Disclosures - Declaration* form each quarter.

Disclosures must be made by all Councillors immediately prior to any ordinary or extraordinary election.

Disclosures must be made immediately prior to the termination of employment of/by a KMP.

#### Confidentiality

All information contained in a disclosure return, will be treated in confidence. Generally, related party disclosures in the annual financial reports are reported in aggregate and as such, individuals are not specifically identified. Notwithstanding, management is required to exercise judgement in determining the level of detail to be disclosed based on the nature of a transaction or collective transactions and materiality. Individuals may be specifically identified, if the disclosure requirements of AASB 124 so demands.

#### 4. Materiality

Management will apply professional judgement to assess the materiality of transactions disclosed by related parties and their subsequent inclusion in the financial statements.

In assessing materiality, management will consider both the size and nature of the transaction, individually and collectively.

#### Associated Regulatory Framework

*AASB 124 Related Party Disclosures*

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

#### Associated Policies

*Include if relevant*

#### Further Information

*Related Party Disclosures - Declaration form*



## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### Review Responsibility

*Coordinator Financial Services*

Date Adopted: XX

Review Required: As Required

Review Undertaken: XX

_____	_____	Approved / Not Approved
Chief Executive Officer	Date	

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### Close Family Members

Close family members include:

- a child, spouse or domestic partner;
- children of your spouse or domestic partner;
- dependents of you or your spouse or domestic partner;
- any other close family member;

who may be expected to influence, or be influenced by, your dealings with the council.

The following table may assist you in identifying your close family members:

Definitely a close family member	May be a close family member
Your spouse/domestic partner	Your brothers and sisters, if they could be expected to influence or be influenced by you in their dealings with council
Your children	Your aunts, uncles and cousins, if they could be expected to influence or be influenced by you in their dealings with council
Your dependants	Your parents and grandparents, if they could be expected to influence or be influenced by you in their dealings with council
Children of your spouse/domestic partner	Your nieces and nephews, if they could be expected to influence or be influenced by you in their dealings with council
Dependants of your spouse/domestic partner	Any other member of your family if they could be expected to influence or be influenced by you in their dealings with council

There may be relationships that a council has which are not identified in this appendix but still meet the definition of a related party.

#### **Example: Cousin of Councillor**

A Councillor for the **Shire/Town/City** has lived in the **Shire/Town/City** her whole life. In fact her family has been in the area for generations.

The Councillor's cousin, owns and operates the local newsagent through a company ABC Pty Ltd, in which she owns 100% of the shares. The Councillor and her cousin have always been close and regularly socialise together.

From these facts it would appear that the Councillor's cousin is a close family member of the Councillor because she would be expected to influence, or be influenced by, that person in her dealings with Council.

Both the cousin and the company she controls, ABC Pty Ltd would therefore be related parties of Council.

Any transactions that the Council makes with the newsagent would need to be separately identified and may need to be disclosed.

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### Control in entities

##### What is an entity that I, or my close family member, control or jointly control?

Entities include companies, trusts, incorporated and unincorporated associations such as clubs and charities, joint ventures and partnerships.

You control an entity if you have

- a) power over the entity;
- b) exposure, or rights, to variable returns from involvement with the entity; and
- c) the ability to use your power over the entity to affect the amount of your returns.

To jointly control an entity there must be contractually agreed sharing of control of the entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In some cases it will be obvious that you or a family member control or have joint control over an entity. In other cases it will be less clear.

In some cases it will be obvious that you or a family member control or have joint control over an entity. In other cases it will be less clear.

If you are unsure whether you, or a close family member, has control or joint control of an entity then you should contact the Manager Financial Services for a confidential discussion.

#### **Example: Clubs or other incorporated bodies**

(A **Shire/Town/City** Councillor is the President of a local football club)

A **Shire/Town/City** Councillor is the President of **Shire/Town/City** Football Club Inc, the local football club. This club is overseen by a committee which comprises the President and four other committee members. Each member has a single vote when making decisions at meetings. The committee members are not related and do not have agreements to vote with one another. The club has over 100 members that each have a vote in electing the committee members at the club’s annual general meeting.

From these facts it would appear that the Councillor does not control or jointly control the football club so it will not be a related party of Council just because the Councillor is the president of the club.

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### Other examples

##### **Example 1 (Audit committee member)**

Shire/Town/City of Anywhere’s audit committee comprises two Councillors and a local retired accountant, Fred. Fred has no other connection with the council.

The audit committee attends to the functions as required under the *Audit Regulations*. It does not make any decisions on behalf of the council but simply provides reports, with recommendations, for the Mayor and councillors to consider.

Based on the facts outlined Fred would not be a KMP of council.

##### **Example 2 (Son of CFO employed by council)**

Shire/Town/City of Anywhere has recently employed Paul's son (George) in the Council's parks and garden's area. Paul is Council's Deputy Chief Executive Officer but was not involved in hiring George. This process was managed by the Director of Parks and Gardens and included an independent assessment process. Paul did not have any influence in George securing the job.

Paul has been identified as a KMP of council, which makes him a related party.

George will also be a related party of Council because he is a close family member of Paul. The recruitment process that was undertaken for George's position is irrelevant when assessing whether George is a related party.

##### **Example 3 (Cousin of Mayor - related party commonly known but omitted from declaration)**

Shelley, the Mayor of Shire/Town/City of Nowhere forgets to include her cousin Mavis, and Mavis' company, when she completes her KMP declaration.

It is commonly known in the community that Shelley and Mavis are close and that Shelley would be expected to influence, or be influenced by, Mavis in her dealings with Council and vice versa.

Mavis and her company are related parties of Council, even though Shelley omitted them from her declaration.

##### **Example 4 (Example of control)**

Fred is the Mayor of Shire/Town/City of Nowhere and owns 100% of the ordinary shares in Shire/Town/City of Nowhere Development Company Pty Ltd (the company). The ordinary shares are the only shares in the company that have voting rights.

Fred controls the company because he has the power to affect the company's decisions and the return that he will get from the company.

Fred will need to include the company on his related party declaration.

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### **Example 5 (Example of joint control)**

Fred is the Mayor of **Shire/Town/City of Nowhere** and owns 50% of the ordinary shares in **Shire/Town/City of Nowhere** Development Company Pty Ltd (the company). Fred's brother Stan owns the other 50% of ordinary shares. Fred and Stan are the only Directors of the company and have equal voting rights on the board.

Fred and Stan have joint control of the company because any decisions require the unanimous consent of them both.

Fred will need to include the company on his related party declaration.

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### RELATED PARTY DISCLOSURES - DECLARATION

*As per requirements of AASB 124 Related Party Disclosures, and Business Operating Procedure – Related Party Disclosures. For additional information to assist you in making a declaration, please refer to the Appendices to this form.*

The following declaration must be completed by all Council members, the CEO and Directors of the **Shire/Town/City** who were elected or employed at any time during the financial year.

<b>Disclosure Period (Quarter Ended):</b>	
<b>Person making disclosure:</b>	
<b>Position held by person:</b> e.g. Councillor, Director	

#### 1. CLOSE MEMBERS OF THE FAMILY (See Appendix 1)

Name of Family Member	Relationship to you
<i>If there has been no change since your last declaration, please complete “No Change”</i>	

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### 2. ENTITIES THAT I, OR A CLOSE FAMILY MEMBER CONTROLS OR JOINTLY CONTROLS (See Appendix 2)

Name of Entity	Name of person who has control/nature of control
<i>If there has been no change since your last declaration, please complete “No Change”</i>	

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### 3. ORDINARY CITIZEN TRANSACTIONS – NOT PROVIDED AT ARMS LENGTH

Did you or any member of your close family use facilities provided at Recreation Centre, attend any event at the Civic Centre, or use any other council provided facility AND you received a discount or special terms that would not otherwise be offered to any other member of the public?

Name of person using the facility	Service/Facility used	Nature of transaction	Nature of discount or special conditions received.

Note: Recreation Centre membership provided as part of employment has been provided under the same terms as those memberships provided to the public.

#### 4. LEASING AGREEMENTS - DOMESTIC RESIDENTIAL

Did you, a close family member or related entity, enter into a lease agreement with the **Shire/Town/City** (either as lessee or lessor) for the provision of a domestic rental property (Includes properties owned by the **Shire/Town/City** and privately owned properties sub-leased through the **Shire/Town/City** from a real estate agent)? Did you receive or provide a discount or special terms that would not otherwise be offered to any other member of the public?

Name of Person party to the lease	Property Address	Term of Lease & Weekly rent	Detail of any non-arms length conditions



## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### 5. LEASING AGREEMENTS - COMMERCIAL

Did you, a close family member or related entity, enter into a commercial leasing agreement with the **Shire/Town/City** for the provision of a commercial property? Did you receive a discount or special terms that would not otherwise be offered to any other member of the public?

Name of person party to the lease	Property Address	Term of Lease & Weekly rent	Detail of any non-arms length conditions

#### 6. TRADING ARRANGEMENTS

Were you or a close family member (as defined above) the owner of any business (or in a position to substantially control the business) that provided goods or services to the **Shire/Town/City**? Were those goods or services provided on the same terms and conditions as those available to any other customer? If not, please provide details of the specific terms provided to the **Shire/Town/City**.

Business name	Goods or services provided	Approximate value for the reporting period	Terms & conditions

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### 7. OTHER AGREEMENTS (Construction, Consultancy, Service Contracts)

Did you, a close family member or related entity, enter into any other agreements/arrangements with the **Shire/Town/City** (whether or not a price was charged)?

This may include (but is not limited to): construction contracts, consultancy services, service contracts (such as cleaning, maintenance, security).

For e.g. a company that a close family member controls, was awarded a contract with the **Shire/Town/City** for building a new office facility.

Name of person or business/company	Nature of agreement	Value of agreement	Terms & conditions

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### 8. PURCHASE OF PROPERTY

Did you, a close family member or related entity, purchase any property or other assets from the **Shire/Town/City**? (This may include vehicles or other plant items, land or buildings).

Was the purchase made at arms length (for e.g. at public auction), and on terms and conditions available to any other member of the public? If not, please provide details of the specific terms provided to you.

Name of person or entity name	Property purchased	Value of the purchase	Terms & conditions

#### 9. SALE OF PROPERTY

Did you, a close family member or related entity, sell any property or other assets to the **Shire/Town/City**? (This may include vehicles or other plant items, land or buildings).

Was the sale made at arms length, and on terms and conditions available to any other member of the public? If not, please provide details of the specific terms provided.

Name of person or entity name	Property Sold	Value of the Sale	Terms & conditions

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

#### 10. FEES & CHARGES FOR APPLICATIONS

Did you, a close family member or related entity, make an application to Council for a trading, building, planning or development application, licence or approval, or any other type of permit or licence?

Name of person or entity name	Application type	Application and/or receipt number

#### 11. SELF SUPPORTING LOANS

Did you, a close family member or related entity, enter into a loan agreement with the **Shire/Town/City**?  
For e.g. a club for which you have control (See Appendix 2 for example)

Name of person or entity name	Loan details	Value of the loan	Terms & conditions

#### 12. OTHER AGREEMENTS

Please list any other agreement or arrangement you believe is a related party transaction and should be declared.

Name of person or business/company	Nature of agreement	Value of agreement	Terms & conditions

## SOMEWHERE

### AASB 124 – “RELATED PARTY DISCLOSURES”

I declare that all information and details provided in this form are true and correct to the best of my knowledge and belief and that no known relevant information has been omitted.

I have made this declaration after reading the information supplied by Council which details the meaning of the definitions to which this declaration relates.

**SELECT OPTION 1: ☐ Handwritten Signature**

Signed: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Once signed please provide to the **Manager Financial Services**.

OR

**SELECT OPTION 2: ☐ Electronic Signature**

This form can be sent by email to the **Manager Financial Services** provided the email is sent by the person making the disclosure from their work or personal (e.g. Councillors) email account.

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<b>12.2</b>	<b>REQUEST TO INCLUDE EX-AGRICULTURAL PROTECTION BOARD CHEMICAL STORE LAND (RESERVE 32791) INTO AIRPORT RESERVE 31666</b>
<b>Location:</b>	Reserve 32791 (Lot 9196) Airport Road, Gnowangerup
<b>Proponent:</b>	Department of Planning, Lands & Heritage
<b>File Ref:</b>	A6430
<b>Date of Report:</b>	18 <sup>th</sup> October 2017
<b>Business Unit:</b>	Strategy & Governance
<b>Officer:</b>	Phil Shephard - Planning Officer
<b>Disclosure of Interest:</b>	Nil

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#### ATTACHMENTS

Nil

#### PURPOSE OF THE REPORT

To consider a request from the Department of Planning, Lands and Heritage to include the ex-Agricultural Protection Board reserve into the Airport reserve.

The recommendation is to deny the request and not support the inclusion of Reserve 32791 into Reserve 31666.

#### BACKGROUND

The Department previously requested the Shire consider the proposal in July 2015.

The Shire advised the Department that:

- It did not support the amalgamation on the basis the ex-APB shed/land has signs of contamination from its previous use as a chemical store/depot and is not considered suitable for inclusion into the Airport reserve; and
- It may be prepared to accept the inclusion of the ex-APB reserve in the future subject to all contaminated structures, soils and areas being removed or rehabilitated to provide an uncontaminated area; and the DER providing clearance to the present 'possible contamination' status of the land.

#### COMMENTS

The ex-APB reserve and surrounding airport, rubbish tip and pistol club leased areas are shown on the aerial image below.



The Department have now requested the Shire reconsider its previous position and advised:

- The cost of undertaking a preliminary site investigation of the possible contamination and potential remediation is not feasible in light of the very low value of the land;
- The aerial image shows an unsealed road encroaches across the corner of the property; and
- The property is not going to be used for a more sensitive use e.g. residential.

There has been no change to the concerns previously raised and it is not considered appropriate for the State Government to transfer this potentially contaminated land to Local Government. The inclusion of the land into the Airport reserve would affect future use/development of the Airport reserve as the present notification on the title (relating to the possible contamination) would be retained and included on the new title.

The present minor road encroachment has been noted and will be rectified into the future.

#### CONSULTATION WITH THE COMMUNITY AND GOVERNMENT AGENCIES

Nil

#### LEGAL AND STATUTORY REQUIREMENTS

*Land Administration Act 1997* – controls the use/development and management of Crown land in WA.

#### POLICY IMPLICATIONS

There are no Local Planning Policies that apply to this report.

#### IMPACT ON CAPACITY

If the reserves were amalgamated, the Shire would be responsible for managing and maintaining the land asset including any land contamination issues.

### RISK MANAGEMENT CONSIDERATIONS

The item covers several risk areas to Council functions. The organisational risk and proposed treatment or mitigation is summarised in the following table from the Shire's Risk Management Plan:

<b>Risk Description</b>	<b>Risk Likelihood</b>	<b>Risk Consequence</b>	<b>Risk Classification</b>	<b>Risk Treatment</b>
Council does not support the request to amalgamate Reserve 32791 into the Airport reserve	Possible (3)	Insignificant (1)	Low (3)	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring

### FINANCIAL IMPLICATIONS

The request from the Department of Planning, Lands and Heritage does not require any fees to be paid by Council.

### STRATEGIC IMPLICATIONS

The policy impacts on a number of items in the Strategic Community Plan as follows:

THEME 6	QUALITY BUILT FORM
Objectives	4. Manage current and future assets and infrastructure
Strategic Initiatives	4.1 Continue to improve asset management practices

### ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The Council has a number of options available to it, which are discussed below:

- 1 *Not support the proposal*  
The Local Government can choose to not support the proposal from the Department.
- 2 *Support the proposal*  
The Local Government can choose to support the proposal and proceed to amalgamate Reserve 32791 into Reserve 31666.
- 3 *Defer the proposal*  
The Local Government may elect to defer the matter for a period and/or seek additional information, if deemed necessary, before proceeding to make a decision.

### CONCLUSION

The request from the Department to amalgamate the ex-APB shed/land into the Airport reserve is not supported due to the possible land contamination on the site.



**VOTING REQUIREMENTS**

Simple Majority.

**COUNCIL RESOLUTION**

**Moved: Cr L Martin**

**Seconded: Cr R House**

**1017.113          That Council:**

**Advise the Department of Planning, Lands and Heritage that it does not support the amalgamation of the ex-APB reserve (Reserve 32791) into the Airport reserve (Reserve 31666) due to the potential land contamination of the land.**

**UNANIMOUSLY CARRIED: 9/0**

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<b>12.3</b>	<b>ECONOMIC DEVELOPMENT STRATEGY</b>
<b>Location:</b>	Shire of Gnowangerup
<b>Proponent:</b>	N/A
<b>File Ref:</b>	ADM
<b>Date of Report:</b>	21 <sup>st</sup> October 2017
<b>Business Unit:</b>	Strategy and Governance
<b>Officer:</b>	Shelley Pike – Chief Executive Officer
<b>Disclosure of Interest:</b>	Nil

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#### ATTACHMENTS

- Economic Development Strategy

#### PURPOSE OF THE REPORT

To adopt the Shire of Gnowangerup Economic Development Strategy.

#### BACKGROUND

The draft Economic Development Strategy was first presented to Council for discussion at the Briefing Session held on the 11<sup>th</sup> October 2017.

Sound economic planning is vital in building sustainable and liveable communities. In recognition of its importance, the Shire of Gnowangerup has prepared this Draft Economic Development Strategy to be used as a framework to assist in fostering economic development in line with its Strategic Community Plan 2017-2027.

#### COMMENTS

The views and aspirations of the community gained from the Strategic Community Plan consultation process heavily influences the core values and actions of this strategy.

The strategy focuses on actions that are critical and within the capacity of the Shire to influence.

A Draft Tourism Strategy is currently being prepared and once completed this will sit alongside the Economic Development Strategy as an adjunct to economic development.

#### CONSULTATION WITH THE COMMUNITY AND GOVERNMENT AGENCIES

Council ran a series of community workshops within the communities of Borden, Ongerup and Gnowangerup as part of the consultation process for the preparation of the Strategic Community Plan. Over 160 people attended the workshops held within the Shire. A Councillor workshop was also part of the consultation undertaken to develop the Strategy.

#### LEGAL AND STATUTORY REQUIREMENTS

Nil

#### POLICY IMPLICATIONS

The Economic Development Strategy is designed to positively influence economic development, including tourism, across the Shire.

#### FINANCIAL IMPLICATIONS

There are no budgeted funds for this initiative.

#### STRATEGIC IMPLICATIONS

The Strategic Plan 2013-2022 underpins the Economic Development Strategy

#### ALTERNATE OPTIONS AND THEIR IMPLICATIONS

1. Council can choose not to adopt the strategy and continue to promote economic development on an unplanned, ad hoc basis; or
2. Council can amend the strategy to better reflect its preferred role in economic development.

#### CONCLUSION

The Shire plays an important role in promoting and facilitating economic development. It is a “whole of organisation” culture to encourage and facilitate new residents, visitors, new businesses and developments that will help make the community’s vision for the Shire become a reality.

#### VOTING REQUIREMENTS

Simple Majority

#### COUNCIL RESOLUTION

Moved: Cr F Hmeljak

Seconded: Cr S Hmeljak

**1017.114          That Council:**

**Adopts the Shire of Gnowangerup Economic Development Strategy**

**UNANIMOUSLY CARRIED: 9/0**

# **DRAFT ECONOMIC DEVELOPMENT STRATEGY**

**October 2017**

## Economic Development Strategy

Recently the Shire embarked on an ambitious community planning project to survey and record the ideas and aspirations of the community, which are encapsulated in the Shire's Strategic Community Plan. Some of the key ideas from the community were:

- Develop a strategy to energise business development and sustainability;
- Identify existing and potential hubs of activity to develop and enhance, community facilities, cultural and creative capital, business and tourism; and
- Utilise a place-making approach to enhance the unique local identity of each of our towns.

Sustainable economic development should always be integrated with good social and community planning and the preservation of the unique environment of areas of beauty and importance.

The challenge of this Economic Development Strategy is to balance both the economic growth that comes with attracting business and investment, as well as building liveable communities that remain sustainable.

This Strategy recognises that in an increasingly globalised economy, value and future prosperity of the region will be driven by its unique points of difference and the greater personalisation of this 'product' to industry needs. In the context of the Shire of Gnowangerup, this requires creating combinations of land, infrastructure, workforce, services and existing industry strengths to more closely align to the needs of targeted industries.

The Strategy also recognises that the identification and resolution of capacity constraints and barriers in economic 'enabling infrastructure' such as communications infrastructure, transport links and industrial land will help to maximise the economic potential of the Shire and must match economic growth. Social and environmental challenges such as residential housing supply (and affordability) and environmental sustainability are also considered as they are inextricably linked to economic development and, if not considered, create significant risks to the Shire's growth potential.

## Preparation of the Strategy

This strategy is born out of the Strategic Plan 2013–2023 community consultation and the vision for the Shire's future. The views and aspirations of the community gained from our consultation process heavily influences the core values and actions of this strategy. The strategy focuses on actions that are critical and within the capacity of the Shire to influence.

These actions sit within four over-arching strategic areas:

- economic development leadership and facilitation;
- place-making and revitalisation;
- marketing / promotion; and
- strategic land and property management.

In these four action areas, the Shire can have the most direct influence, guidance and capacity to implement actions designed to create economic development. The selection of each action was guided by two assessment criteria – benefit and capacity to implement.

### Benefit

- Will it bring more investment to the Shire of Gnowangerup?
- Is it the sort of investment that the community wants in the Shire?
- Does it comply with the Shire’s planning and other relevant policies?
- Will it help to create more jobs and what type of jobs?
- Are there other potential impacts (e.g. social, environmental, cultural) to consider?

### Capacity to implement

- Are there adequate financial and human resources to implement strategy?
- Is there the political and community will to accept and support the activity?
- Is it consistent with the Shire’s vision for economic development?

## Shire Overview

### *What is economic development?*

In a broad sense, economic development can be defined as increasing an area’s income and wealth and distributing that wealth through local expenditure and jobs throughout the community. It also includes improvements in human development, education, health choice and environmental sustainability.

Economic development involves “capacity building” where we see commercial investment, new businesses and higher density residential dwellings develop in certain precinct or places. These precincts help create jobs and activate areas bringing with it vibrancy and social amenity. The economic viability of these areas is very important in establishing sustainable communities and local governments play a vital role in this regard.

### *Role of the Shire in economic development*

The Shire plays an important role in promoting and facilitating economic development. It is a “whole of organisation” culture to encourage and facilitate new residents, visitors, new businesses and developments that will help make the community’s vision for the Shire become a reality.

This strategy hopes to improve the employment rate with a number of actions identified in this report. Some of the key areas of economic development where the Shire of Gnowangerup can and does take a leadership and facilitator’s role are:

- Lead and facilitate development in our three communities;
- Engage and partner with the business community in projects;
- Promote business and investment attraction (including tourism and home occupation);

- Communicate regularly with the business community;
- Engage, lobby and collaborate with state government for public infrastructure where appropriate;
- Generate economic growth from both council-owned and managed land; and
- Promote the concept of Buy Local, Supply Local - Maximise local supply and demand opportunities through initiatives that reduce leakage of economic activity to other areas. The aim of this being to encourage the growth of existing businesses and attract new businesses to meet local industry needs and generate opportunities in the Shire.

Two major principles underpin the strategy:

1. Natural Growth - Ensure that economic growth complements rather than compromises the environmental future of the Shire of Gnowangerup by taking an environmentally responsible and sustainable approach; and
2. Responsible Leadership - Provide good governance that facilitates responsible economic growth, advocates for the Gnowangerup Shire and encourages all stakeholders to work collaboratively together, equipped with the best knowledge to exercise sound leadership.

## DEMOGRAPHICS

### Catchment Demographics

The Shire of Gnowangerup has a population of approximately 1,215 people across the communities of Borden, Gnowangerup and Ongerup. At the 2016 census, Aboriginal and Torres Strait Islander people comprised approximately 8.4% of the population, with a median age of 26 years.

*Table 1. Catchment demographics*

Shire's	Total population		Indigenous population	
	Number	Median age	Number (%)	Median age
Broomehill-Tambellup	1,144	39	131 (11.5)	24
Gnowangerup	1,215	40	101 (8.4)	26
Katanning	4,151	40	315 (7.6)	21
Kojonup	1,985	44	88 (4.4)	22
Jerramungup	1,109	41	39 (3.5)	11
<b>Total</b>	<b>9604</b>	<b>40</b>	<b>674</b>	<b>22</b>

### Community Centres

Community centres are defined as community focal points which include a combination of activities such as offices, retail, higher density housing, entertainment, civic/ community, education and medical services.

These centres promote economic and social vitality by concentrating higher density housing and places of employment within easy walking distance from home. Metropolitan planning is guided by the Department of Planning and Western Australian Planning Commission document, "Directions 2031 and Beyond", and State Planning Policy 4.2 "Community centres—both placing great emphasis on the role and function of community centres, particularly in providing a more diverse mix of uses and housing types. There is no reason why this approach can't be tailored to suit the needs of the Shire's three community centres.

### Community Centres

#### Structure

The Shire of Gnowangerup has identified three Community activity precincts within the municipality.

Major Employment centres:

1. Gnowangerup Civic Centre and Community Precinct – Demand for retail and other activity;
2. Borden Community Centre; and
3. Ongerup Community Centre.

With the exception of Borden, these District Community centres have a greater focus on servicing the daily and weekly needs of residents. Their relatively smaller scale catchment



enables them to have a greater local community focus and provide services, facilities and job opportunities that reflect the particular needs of their catchments. District Community centres are a focal point for supermarkets, convenience goods, personal services and some speciality shops as well as district level offices and local professional services in larger centres. Community centres provide for daily and weekly household shopping needs, community facilities and a small range of other convenience services.

### *Retail in the Shire*

The retail sector is a great employment generator that provides jobs with flexibility in the community, particularly for parents with children, students and those seeking part-time work. One of the benefits is that retailers often employ local staff. Compared to neighbouring municipalities that have major shopping centres, the retail sector in the Shire is small with one minor 'district' shopping centre in Gnowangerup and a smaller one in Ongerup.

Due to the lack of diversity and/or services anecdotal evidence suggests many residents shop outside of the Shire of Gnowangerup in nearby towns like Albany and Katanning.

### *Community Centres*

#### *Home-based Businesses*

With the rapid advancements in communications and technology, more people are working from home – either full time or part time. It is one of the fastest growth sectors and plays a vital role in Australia's economy with nearly one million people running a business from home. Working from home can offer flexibility and convenience, and can often be a great opportunity to start a new career.

The home-based workforce is usually well educated and are often high income earners. The Shire of Gnowangerup has many farm home based businesses and highly values the contribution they make to the local economy and supports their growth. It is well documented that businesses operating from home, contribute to the sustainability of a community.

The Shire should consider developing a home based business policy to encourage start-up businesses operating from home.

### *National Broadband Network*

The National Broadband Network (NBN) is a high speed broadband network that is planned to reach 100 percent of Australian premises with a combination of fibre, fixed wireless and satellite technologies. The construction and installation of the NBN, along with other necessary activities such as remediation work to existing Telstra infrastructure, is being facilitated by the NBN Co. The potential benefits of the NBN are:

- Healthcare providers can diagnose, monitor and provide ongoing care to patients remotely; saving time and money for those who currently have to travel long distances to receive healthcare
- Education opportunities become less restricted by proximity to the nearest school, university or educational institution

- Small businesses may increase online trade and access markets both nationally and internationally regardless of whether they are located in cities or country Australia
- More in-home information and entertainment services such as video on demand, IPTV (television from internet providers, not just broadcasters) and high resolution video
- Increased teleworking as well as potential flow-on social and environmental benefits through reduced commuting.

### **NBN Status**

The Shire of Gnowangerup can only access the Sky Muster™ satellite service. As of June 2017 **NBN** announced that it will be doubling the maximum monthly wholesale data limits and increasing average peak download plans by up to 50 per cent on the Sky Muster™ satellite service. These new changes will see wholesale allowable peak plans on the Sky Muster™ service go to 150 GB (from 75GB) and total monthly plans go to 300GB (from 150GB).

From October 2017, **NBN** will offer these increased wholesale Sky Muster monthly usage limits to retail service providers (RSPs). As a result, **NBN** expects the majority of consumers and businesses on the service to receive larger peak and off-peak plans from their retailer at a similar cost to what they are currently paying.

**NBN** will continue to optimise the pricing model and data plans on the Sky Muster™ service with further business and education services expected to be available in the next 12-18 months.

Since the launch of the service in April 2016, **NBN** has been working to improve the satellite network's overall performance as well as extensively testing the total capacity it can provide. **NBN** has implemented a number of network fixes over the past six months which has delivered a vastly improved service with the weekly incident rate down by 80 per cent to achieve industry best practice levels. **NBN** is grateful for the feedback from local government, community and rural industry groups during our first year of operating the Sky Muster™ service.

### *Development and Land Management*

#### *Developing a Land Asset Management Plan*

Buying, selling and managing property is an integral part of the functions of local government, and involves a large allocation of money and resources. The Shire of Gnowangerup controls approximately 275 properties – either properties owned in freehold title or crown reserves managed by the Shire on behalf of the State Government.

The Shire is highly aware of the potentially significant income producing assets at their disposal. This includes not only freehold land, but also crown reserves that can be better utilised to deliver community services. A Land Asset Management Plan (LAMP) will therefore need to be developed as it will play an important role in the future decision making of the Shire. The LAMP has the potential to raise significant long term income for the Shire that will assist it in providing services to the community. This framework will be integrated with the Shire's Strategic Plan.

The Shire has begun to use land it manages to catalyse the redevelopment of land for commercial purposes like Lot 560 Yougenup Road. The Shire is also in the process of acquiring identified reserves and rezoning others to better facilitate future economic development. By activating a more strategic use of its landholdings the Shire will achieve:

- Much needed civic and community infrastructure;
- Highly desired commercial developments providing social and business amenity;
- Job creation and increased wealth for the community; and
- Vibrant centres through good urban design.

### *Action Plans*

#### *Economic Growth and Vibrancy*

Economic development requires sound planning and collaboration with the community, government agencies and private industry. The actions outlined in the following pages are achievable and realistic for a local government the size of the Shire of Gnowangerup.

What will these actions achieve?

The Shire is committed to implementing these actions on behalf of the community and sees the Economic Development Strategy as a guide to business and community development. The implementation of the actions will produce more employment, and hopefully more social vibrancy that will create vitality and amenity for the community. In addition, Council's property assets will be used in a more strategic and efficient manner that will generate wealth and financial sustainability

## Economic Development Action Plan

Table Key

Abbreviation	Description
CEO	Chief Executive Officer
DCEO	Deputy Chief Executive Officer
MW	Manager of Works
MCS	Manager of Community Services
TP	Town Planner
AWC	Asset & Waste Coordinator

Action	Activity	Priority	2018	2019	2020	2021	Responsibility
<b>1. Economic Development-Leadership and Facilitation</b>							
1.1	Promote the Stirling Ranges, particularly Bluff Knoll as a potential tourist drawcard	Medium					CEO
1.2	Actively seek developers to partner with the Shire in developing the Council owned land in Quinn Street, Gnowangerup	High					CEO
1.3	Investigate ways to improve the internet service available to business and residents.	Medium					DCEO
1.4	Develop a home based business policy						CEO/Town Planner
<b>2. Community Centres</b>							
2.1	Develop and implement a Public Art Policy to increase the profile of public areas including the historic precincts in	Medium					MCS

	Ongerup and Gnowangerup						
2.2	Investigate ways to improve amenity and street scaping for the three Community Centres	Medium					CEO/MCS/MW
<b>3.Marketing &amp; Promotion</b>							
Action	Activity	Priority	2018	2019	2020	2021	Responsibility
3.1.	Promote the Shire as a place to live, visit and establish businesses through regular communications to key stakeholders	High					MCS/CEO/ Council
	Prepare an economic and community profile promoting each of our three communities	Medium					MCS
3.2	Promote waiving/discounted rates to encourage the establishment of new businesses	High					CEO/DCEO
<b>4.Strategic Land Asset Management Plan</b>							
4.1	Inspect and classify all Shire owned and managed properties and land	High					AWC/TP
4.2	Develop criteria for disposing, purchasing and retaining property	high					CEO
4.3	Where possible, develop strategies to create passive income streams from property	High					CEO/DCEO
4.4	Identify strategic land holdings that	High					CEO/DCEO

	can generate development and income for community						
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### Measuring Performance

It is important to adopt Key Performance Indicators (KPI's) to measure economic growth within the Shire. Although sometimes difficult to quantify, there are indicators that can clearly show whether the Economic Development Strategy is having an impact on the Shire's economic growth.

The following indicators have been chosen as Key Performance Indicators as they can be measured quite easily:

- Value of non-residential building applications;
- Value of residential building applications;
- Total number of people employed in the Shire (residents and non-residents);
- Workforce participation rate;
- Population increase;
- Retail and commercial floor space;
- Number of businesses;
- Vacant space;
- Economic success, e.g. ABS statistics; and
- Community survey and perception.

## Tourism Strategy

### Definitions

**Heritage and Cultural Tourism:** Simply refers to tourism activities based on tourist consumption of heritage and cultural products;

**Cultural Tourism:** Refers to cultural aspects which are of interest to the visitor and can be marked as such, including the customs and traditions of people, their heritage, history and way of life

**Culture:** It is a set of distinctive spiritual, material, intellectual and emotional features of society or a social group. It encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs (UNESCO, 2001)

**Heritage:** Heritage is the sum total of wildlife and scenic parks and reserves, sites of scientific and historical importance, national monuments, historic buildings, works of art, literature and music, oral traditions and museum collections and their documentation which provides the basis for a shared culture and creativity in the arts

### Objective

This strategy assumes Council is interested committing some resources towards tourism and coordinating the marketing of tourism product across our three communities.

To provide an integrated framework for the development and promotion of Heritage and Cultural Tourism products, for economic development and sustainable livelihood at community grass -roots level.

Tourism is first and foremost, an economic activity – a generator of wealth for the Shire's economy, and employment for its people. Tourism could be an important source for diversification and employment in the Shire.

Each year visitors from overseas, interstate and from all parts of Western Australia visit Gnowangerup – in particular the Stirling Ranges and other venues of interest. The Shire recognises the opportunities that exist to build economic growth through tourism and will work with key stakeholders to develop strategies to maximise benefits for both traders and the general community.

Currently the Shire does not have a strategic approach to developing tourism which occurs very much on an ad hoc basis. The Shire contributes \$4000 annually to Hidden Treasures, the overarching tourism body for the Great Southern Region. These funds primarily fund the preparation of a Brochure and activities and marketing associated with the annual Bloom Festival which is held throughout the Great Southern. It is a very traditional and old fashioned approach to tourism, the target market is very unclear and the value for money is questionable.

It is suggested that in the future management of tourism in the Shire is based on agreed Themes, Objectives and Actions.

## STRATEGIC THEMES, OBJECTIVES AND ACTIONS

1. Tourism Research, Information and Knowledge Management
2. Sustainable Development and Management (Tourism Infrastructure)
3. Tourism Marketing, Promotion & Raising Awareness
4. Cooperation, Partnership and Policy
5. Resource Mobilisation

### Strategic Objectives and Actions

No	Strategic Themes	Strategic Objectives	Actions
1	Tourism Research, Information & Knowledge Management	1. Audit of existing and potential heritage and cultural tourism products, and documentation of information for planning and implementation purposes	1. Conduct a comprehensive audit of heritage and cultural tourism products.  2. Documentation and compilation of information
2	Sustainable Development & Management (Tourism Infrastructure)	1. Identification of heritage and cultural tourism products for development and sustainable management; 2. Development of an action plan for implementation of identified heritage and cultural tourism products.	1. Identify potential heritage and cultural tourism products for current and future development and sustainable management;  2. Appropriate action plans should be developed in the short, medium and long term for the implementation of identified heritage and cultural tourism products.
3	Tourism Marketing, Promotion & Raising Awareness	1. Raise awareness and promotion of heritage and cultural tourism products to support tourism products.	1. Develop and implement effective initiatives for raising awareness, publicity and education.
4	Cooperation, Partnership & Policy	1. Establish partnerships and cooperation with stakeholders in order to achieve a shared responsibility and cooperation amongst stakeholders.	1. Establish partnerships with stakeholders for cooperation in implementing the strategy.



5	Resource Mobilisation	1. Identify and seek funding opportunities in order to support heritage and cultural tourism products.	1. Seek funding sources and establish resource mobilisation initiatives to support heritage and cultural tourism products.
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**12.4** **APPOINTMENT OF ELECTED MEMBERS TO COMMITTEES OF COUNCIL**

**Location:** Shire of Gnowangerup  
**Proponent:** N/A  
**File Ref:** ADM  
**Date of Report:** 19<sup>th</sup> October 2017  
**Business Unit:** Strategy and Governance  
**Officer:** Shelley Pike, Chief Executive Officer  
**Disclosure of Interest:** Nil

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**ATTACHMENTS**

Nil

**PURPOSE OF THE REPORT**

To appoint members to committees for the remainder of 2017, 2018 & 2019.

**BACKGROUND**

Appointment as a Council representative on committees, planning and working groups ceased at the Ordinary Local Government Elections on 21<sup>st</sup> October 2017. It is therefore necessary to appoint members to committees.

**COMMENTS*****Council Committees***

In accordance with section 5.8 of the Local Government Act 1995, Council may convene committees of 3 or more persons, for the purpose of assisting the council and to exercise powers and discharge of the duties of the local government that can be delegated to committees. In addition, council may be compelled or may determine to convene a committee for the purpose of fulfilling obligations prescribed by other statutes relevant to the operations of a local government.

The committees of council are required to be appointed by an absolute majority of council.

<b>AUDIT COMMITTEE</b>	
<b>Purpose</b>	A committee appointed to assist council in decision making on audit, finance and risk matters in accordance with the Local Government Act and any other relevant Acts or Regulations.
<b>Membership</b>	All Councillors
<b>Quorum</b>	Five (5) Elected Members
<b>Meeting Frequency</b>	At least quarterly every financial year.
<b>Reporting</b>	The Audit committee has delegated authority and power under Delegation 1.1.1 to meet with the Local Governments Auditor at least once per year to examine the report of the auditor and to determine if any matters raised by the report require action to be taken by the Shire and to ensure that appropriate action is taken in respect of those matters
<b>Responsible Officer</b>	Chief Executive Officer

<b>CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW COMMITTEE</b>	
<b>Purpose</b>	The CEO Review Committee is to annually review the CEO's performance in accordance with the appropriate provisions contained within the CEO's employment contract. In addition, the committee is to review the key performance indicators to be met by the CEO, review the CEO remuneration package in accordance with the appropriate provisions within the CEO's employment contract and make recommendations to council in relation to varying the contract as and when necessary.
<b>Membership</b>	All Councillors.
<b>Quorum</b>	Five (5) Elected Members
<b>Meeting Frequency</b>	Annually in July
<b>Reporting</b>	The committee reports as required to a subsequent Ordinary meeting of council. There is no delegated authority attached to this committee.
<b>Responsible Officer</b>	Deputy Chief Executive Officer

<b>LOCAL EMERGENCY MANAGEMENT COMMITTEE</b>	
<b>Purpose</b>	<p>LEMC is established in accordance with section 38 of the Emergency Management Act 2005 which obligates local governments to establish this committee. The operational requirements for the Local Emergency Management Committee are not prescribed within the legislation and the requirements of the Local Government Act 1995 do not apply. The Shire will therefore manage the operations of the Local Emergency Management Committee in general accordance with the following requirements:</p> <ul style="list-style-type: none"> <li>• Meetings to be called and convened by the Shire of Gnowangerup</li> <li>• Quorum to be a minimum of 5 members</li> <li>• Decisions to be made by simple majority</li> <li>• Notices of meeting, agenda and minutes to be distributed in a timely manner to members. There is no requirement for publication in accordance with the local government Act 1995 s5.25, Admin Regulation 13 &amp;14. Declarations of interest to accord with Local Government Act 1995, s5.60-s5.73</li> <li>• Council's code of conduct shall apply.</li> <li>• The Local Emergency Management Committee has no decision making authority and may only make recommendations to council.</li> </ul>
<b>Membership</b>	The Shire President (Chairperson)
<b>Quorum</b>	Five (5) members of the committee
<b>Other Committee Members</b>	Emergency Services representatives such as SES, WA Police, Fire Brigade rep, State Governments, Department of Child Protection, Manager of Works (Infrastructure)
<b>Meeting Frequency</b>	Four times per year in the months of December, March, June and September. Other Meetings as required
<b>Reporting</b>	The committee shall report to the next available Ordinary Meeting of Council with the recommendations arising from the LEMC Meeting for council consideration.
<b>Responsible Officer</b>	DCEO

### ***State-wide and Regional Based Committees***

In many cases such appointments to these committees are because the Shire has a financial interest, pays a subscription, or is required under State legislation to have a representative. These organisations are generally not local or community based organisations and have terms of reference that relate specifically to the organisation. Generally, such organisations are auspiced by other organisations such as Main Roads WA etc.

Membership is based on subscription or by invitation by the relevant Minister.

<b>STATE WIDE OR REGIONAL ORGANISATIONS</b>	
WALGA Great Southern Zone Region	
Regional Road Group	
Great Southern Recreation Advisory Group	
Hidden Treasures of the Great Southern	
Great Southern Development Commission	
Great Southern – Joint Development Assessment Panel Representatives (JDAP)	

Councillors appointed to these State wide or regional organisations have a requirement to report periodically to council on the activities of these organisations and to bring recommendations and issues relating directly to the Shire of Gnowangerup to the next ordinary council meeting.

### ***Shire based Organisations***

To appoint members to various advisory groups and committees run or managed by external organisations or organisations where the Shire has a social and economic or financial interest. The shire is requested to appoint councillors to represent the Shire on a range of groups and committees run by external organisations. The Shire appoints councillors as delegates to these external groups and committees by way of membership or invitation. A councillor appointed as a delegate to an external or advisory committee is required to adhere to the Records Keeping Act 2000. Councillors are required to report to council on a regular basis about the activities of the committee.

<b>YOUNGERGNOW INC.</b>	
<b>Required Councillors</b>	1 Councillor
<b>Meeting Frequency</b>	As Required
<b>Reporting &amp; Delegation</b>	As Required. There is no delegation to this committee
<b>Terms of References</b>	To manage the council's obligations with respect to the care, management and control of relevant buildings and reserves in accordance with the Lease Agreement.
<b>Responsible Officer</b>	N/A

<b>BUSHFIRE ADVISORY COMMITTEE</b>	
<b>Required Councillors</b>	1 councillor
<b>Other Committees Members</b>	Volunteer members of the Bush Fire Brigade across the Shire.
<b>Meeting Frequency</b>	As required
<b>Reporting &amp; Delegation</b>	The committee has no delegated authority. To report to the next available ordinary council meeting on the matters referred to the committee from council and recommendations and any outcomes from the advisory committee
<b>Terms of Reference</b>	To recommend and review council policies relating to the delivery of fire prevention, preparedness, response and recovery. To provide support and guidance to all Bush Fire Brigades within the Shire of Gnowangerup and to assist those brigades to fulfil their objectives. To establish and maintain an operational command and control structure by developing procedures to enhance the ability of the brigades to carry out activities, training and operations in the most efficient and effective way. To advise council regarding all matters relating to prosecutions for breached of the Bush Fire act 1954 to review the Bush Fire Advisory Charter
<b>Responsible Officer</b>	Deputy Chief Executive Officer

<b>GNOWANGERUP SPORTING COMPLEX MANAGEMENT COMMITTEE INC.</b>	
<b>Required Councillors</b>	1 Councillor
<b>Other Committee Members</b>	Representatives of the various sporting bodies located within the Shire such as the Gnowangerup Football Club, the Gnowangerup Netball Club and so on.
<b>Meeting Frequency</b>	Monthly
<b>Reporting &amp; Delegation</b>	The Committee has no delegated authority from Council. The Councillor is required to report on a regular basis to Council on the activities of the Committee.
<b>Terms of References</b>	To provide an advisory and liaison link between the Management Committee and Council on matters that affect the Gnowangerup Sporting facility and reserve. To ensure that Council obligations with respect to the care, management and control of the facility and land are in accordance with the principles of the provision of quality recreational programs and facilities and to report to Council activities or programs that could impact on the future activities of the facility and reserve.
<b>Responsible Officer</b>	Manager of Community Services

<b>ONGERUP SPORTS COMPLEX COMMITTEE INC.</b>	
<b>Required Councillors</b>	1 Councillor
<b>Other Committee Members</b>	Representatives of the various sporting bodies located within the Shire such as the Ongerup Bowling Club, the Tennis Club and other associated and affiliated sporting clubs and groups.
<b>Meeting Frequency</b>	Every 6 months unless otherwise advised by the Committee
<b>Reporting &amp; Delegation</b>	The Committee has no delegated authority from Council. The Councillor is required to report on to Council on the activities of the Committee after each meeting of the Committee.
<b>Terms of References</b>	To provide an advisory and liaison link between the Complex Committee and Council on matters that affect the Ongerup Sports Complex facility and reserve. To ensure that Council obligations with respect to the care, management and control of the facility and land are in accordance with the principles of the provision of quality recreational programs and facilities and to report to Council activities or programs that could impact on the future activities of the facility and reserve.
<b>Responsible Officer</b>	Manager of Community Services

<b>BORDEN PAVILION COMMITTEE INC.</b>	
<b>Required Councillors</b>	1 Councillor
<b>Other Committee Members</b>	Representatives of the various sporting bodies located within the Shire such as the Borden Football Club, the Bowling Club and other associated recreation clubs and groups.
<b>Meeting Frequency</b>	Monthly
<b>Reporting &amp; Delegation</b>	The Committee has no delegated authority from Council. The Councillor is required to report on a monthly basis to Council on the activities of the Committee.
<b>Terms of References</b>	To provide an advisory and liaison link between the Pavilion Committee and Council on matters that affect the Borden Pavilion facility and reserve. To ensure that Council obligations with respect to the care, management and control of the facility and land are in accordance with the principles of the provision of quality recreational programs and facilities and to report to Council activities or programs that could impact on the future activities of the facility and reserve.
<b>Responsible Officer</b>	Manager of Community Services

<b>NORTH STIRLING PALLINUP NATURAL RESOURCES INC.</b>	
<b>Required Councillors</b>	1 Councillor
<b>Other Committee Members</b>	Representatives of the various land care and environmental groups
<b>Meeting Frequency</b>	Monthly
<b>Reporting &amp; Delegation</b>	The Committee has no delegated authority from Council. The Councillor is required to report on a monthly basis to Council on the activities of the Committee.
<b>Terms of References</b>	The Committee was formerly known as the Land Conservation District Committee. The aim of the group is to inspire current and future generations to undertake sustainable management of the regions natural resources through coordination, education and implementation programs. In addition, the group seeks to encourage the viability of land owners within the Shire by forging connections with other environmentally related filed to benefit the social, economic and environmental status of the North Stirlings Pallinup areas.
<b>Responsible Officer</b>	CEO

<b>COUNCIL COMMITTEES</b>	
<b>Audit Committee</b>	All Councillors
<b>Chief Executive Officer Performance Review Committee</b>	All Councillors
<b>Local Emergency Management Committee</b>	Shire President + 1 councillor + 1 proxy
<b>STATE WIDE OF REGIONAL ORGANISATIONS</b>	
<b>WALGA Great Southern Zone Region</b>	Shire President + 1 councillor + 1 proxy
<b>Regional Road Group</b>	1 Councillor + 1 proxy
<b>Great Southern Recreational Advisory Group</b>	1 Councillors + 1 proxy
<b>Hidden Treasures of the Great Southern</b>	1 Councillor + 1 proxy
<b>Great Southern Development Commission</b>	1 Councillor appointed by the Minister
<b>Great Southern – Joint Development Assessment Panel Representatives</b>	2 Councillors + 2 Proxys
<b>SHIRE BASED ORGANISATIONS</b>	
<b>Yongergnow Inc</b>	1 Councillor
<b>Bushfire Advisory Committee</b>	1 Councillor
<b>Gnowangerup Sporting Management Committee</b>	1 Councillor
<b>Ongerup Sports Complex Committee</b>	1 Councillor
<b>Borden Pavilion Committee</b>	1 Councillor
<b>North Stirling Pallinup Natural Resources Inc.</b>	1 Councillor



CONSULTATION WITH THE COMMUNITY AND GOVERNMENT AGENCIES

Nil.

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act – Part 5

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

Financial remuneration of mileage for councillor attendance is payable.

STRATEGIC IMPLICATIONS

Nil.

VOTING REQUIREMENTS

Absolute Majority.

## OFFICER RECOMMENDATION

1017. That Council:

1. Appoint councillors {cr names} as members of the Audit Committee;
2. Appoint Councillors \_\_\_\_\_ , \_\_\_\_\_ & \_\_\_\_\_ as members of the Chief Executive Officer Performance Review Committee;
3. Appoint councillor \_\_\_\_\_ as members of the Local Emergency Management Committee, and Councillor \_\_\_\_\_ as proxy delegate;
4. Appoint councillor \_\_\_\_\_ as council delegates to the WALGA Great Southern Zone Region, and Councillor \_\_\_\_\_ as proxy delegate;
5. Appoint Councillor \_\_\_\_\_ as council delegate to the Regional Road Group, and Cr \_\_\_\_\_ as proxy delegate;
6. Appoint Councillor \_\_\_\_\_ as council delegate to the Great Southern Recreational Advisory Group, and Cr \_\_\_\_\_ as proxy delegate;
7. Appoint Councillor \_\_\_\_\_ as council delegate to the Hidden Treasures of the Great Southern, and Cr \_\_\_\_\_ as proxy delegate;
8. Appoint Councillors \_\_\_\_\_ and \_\_\_\_\_ as council delegates to the Great Southern Joint Development Assessment Panel, and Cr \_\_\_\_\_ and Cr \_\_\_\_\_ as proxy delegates;
9. Appoint Councillor \_\_\_\_\_ as council delegate to Yongergnow Inc.;
10. Appoint Councillor \_\_\_\_\_ as council delegate to the Bushfire Advisory Committee;
11. Appoint Councillor \_\_\_\_\_ as council delegate to the Gnowangerup Sporting Management Committee;
12. Appoint Councillor \_\_\_\_\_ as council delegate to the Ongerup Sports Complex Committee;
13. Appoint Councillor \_\_\_\_\_ as council delegate to the Borden Pavilion Committee;
14. Appoint Councillor \_\_\_\_\_ as council delegate to North Stirling Pallinup Natural Resources Inc.;

## **AMENDMENT:**

Amend point 2 of the Officers Recommendation to read “All Councillors”.

## **COUNCIL RESOLUTION**

Moved: Cr S Hmeljak

Seconded: Cr R House

**1017.115**      **That Council:**

- 1. Appoint councillors {Cr K House, Cr F Gaze, Cr C Thomas, Cr R House, Cr B Moore, Cr L Martin, Cr F Hmeljak, Cr G Stewart and Cr S Hmeljak} as members of the Audit Committee;**
- 2. Appoint councillors {Cr K House, Cr F Gaze, Cr C Thomas, Cr R House, Cr B Moore, Cr L Martin, Cr F Hmeljak, Cr G Stewart and Cr S Hmeljak} members of the Chief Executive Officer Performance Review Committee;**
- 3. Appoint councillor L Martin as members of the Local Emergency Management Committee, and Councillor F Gaze as proxy delegate;**
- 4. Appoint councillor L Martin as council delegates to the WALGA Great Southern Zone Region, and Councillor G Stewart as proxy delegate;**
- 5. Appoint Councillor F Hmeljak as council delegate to the Regional Road Group, and Cr R House as proxy delegate;**
- 6. Appoint Councillor R House as council delegate to the Great Southern Recreational Advisory Group, and Cr G Stewart as proxy delegate;**
- 7. Appoint Councillor C Thomas as council delegate to the Hidden Treasures of the Great Southern, and Cr S Hmeljak as proxy delegate;**
- 8. Appoint Councillors F Gaze and K House as council delegates to the Great Southern Joint Development Assessment Panel, and Cr L Martin and Cr G Stewart as proxy delegates;**
- 9. Appoint Councillor B Moore as council delegate to Yongergnow Inc.;**
- 10. Appoint Councillor G Stewart as council delegate to the Bushfire Advisory Committee; and DPAW**
- 11. Appoint Councillor R House as council delegate to the Gnowangerup Sporting Management Committee;**
- 12. Appoint Councillor K House as council delegate to the Ongerup Sports Complex Committee;**
- 13. Appoint Councillor F Gaze as council delegate to the Borden Pavilion Committee;**

- 14. Appoint Councillor L Martin as council delegate to North Stirling Pallinup Natural Resources Inc.;**

**UNANIMOUSLY CARRIED: 9/0**

**Footnote:**

Note the error in the content of the report "Chief Executive Officer Performance Review Committee - Membership" has been amended from three councillors to all of council.

### 13. CORPORATE SERVICES & COMMUNITY DEVELOPMENT

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#### 13.1 RATES CONCESSIONS FOR NEW BUSINESSES POLICY

<b>Location:</b>	Shire of Gnowangerup
<b>Proponent:</b>	N/A
<b>File Ref:</b>	ADM
<b>Date of Report:</b>	2 <sup>nd</sup> October 2017
<b>Business Unit:</b>	Corporate Services
<b>Officer:</b>	Vin Fordham Lamont – Deputy CEO
<b>Disclosure of Interest:</b>	Nil

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#### ATTACHMENTS

1. New draft policy – Rates Concessions – New Businesses

#### PURPOSE OF THE REPORT

For Council to adopt a new policy “Rates Concessions – New Businesses” and approve its inclusion in the Shire of Gnowangerup Policy Manual.

#### BACKGROUND

Council recognises the importance of attracting new businesses to the District in relation to ensuring the long term sustainability of its communities. One way to achieve this is to offer property rates relief to new businesses providing goods or services which are not otherwise provided in the District.

Currently a policy does not exist to guide the Council and Community on rates concessions for economic development purposes.

This opens up the Shire to the following potential risks:

- There is no demonstrable fairness/equity of access to possible rate concessions for all new business owners within the Shire;
- Any individual agenda items relating to rates concessions, and Council’s decisions on these applications, may generate broader interest and attract further applications, with consequential impact on revenue (loss) arising from Council then being required to determine all the new applications on the same merits as previous ones;
- The ACCC may consider any decisions in favour of the applicants as anti-competitive, as it is not a benefit generally or consistently made available by the Shire to all ratepayers; and
- Inconsistency of the Shire’s administration of rates concessions may be perceived as providing benefit to favoured individuals (and thereby detrimental to those individuals who were not given fair access to the benefit), which could be a matter referred to regulatory authorities.

WALGA's Strategy and Governance Unit recently encouraged the Shire to determine a policy position that informs the following:

- The principles for providing rates concessions;
- The merits required to be evidenced by an applicant;
- The \$ value limit of rate concessions that may be granted in any single financial year; and
- The limits on who can/cannot apply instead of determining individual rates concession applications on an ad-hoc basis.

#### COMMENTS

Council should adopt the proposed policy to provide future guidance on determining whether to approve a rates concession to new businesses to the district.

#### CONSULTATION

Nil

#### LEGAL AND STATUTORY REQUIREMENTS

*Local Government Act 1995*

##### *2.7. Role of council*

- (1) *The council —*
    - (a) *governs the local government's affairs; and*
    - (b) *is responsible for the performance of the local government's functions.*
  - (2) *Without limiting subsection (1), the council is to —*
    - (a) *oversee the allocation of the local government's finances and resources; and*
    - (b) *determine the local government's policies.*
- [Section 2.7 amended by No. 17 of 2009 s. 4.]*

##### *6.47. Concessions*

*Subject to the Rates and Charges (Rebates and Deferrals) Act 1992, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive\* a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.*

*\* Absolute majority required.*

#### POLICY IMPLICATIONS

The new Rates Concessions – New Businesses Policy will be added to the Policy Manual.

#### FINANCIAL IMPLICATIONS

Nil

#### STRATEGIC IMPLICATIONS

Strategic Community Plan 2017-2027

Theme 4 A Sustainable and Capable Council

Objective 1 Provide accountable and transparent leadership

Strategic Initiative 1.1 Continue to develop a policy framework that guides decision making

**RISK MANAGEMENT CONSIDERATIONS:**

Risk Profile: Failure to fulfil statutory, regulatory or compliance requirements

Consequence: Reputation and compliance

**IMPACT ON CAPACITY**

Nil

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Council could choose not to adopt the draft policy but this would result in a lack of clarity for officers and elected members when discussing applications for rates concessions. It would also project an image of poor governance and a lack of proactive leadership.

**CONCLUSION**

It is appropriate for Council to adopt the proposed policy.

**VOTING REQUIREMENTS**

Absolute majority

**COUNCIL RESOLUTION**

**Moved: Cr S Hmeljak**

**Seconded: Cr R House**

**1017.116 That Council:**

- 1. Adopts the new Rates Concessions – New Businesses policy; and**
- 2. Approves its inclusion in the Shire of Gnowangerup Policy Manual.**

**UNANIMOUSLY CARRIED: 9/0**

#### 4.13 RATES CONCESSIONS – NEW BUSINESSES (*no procedure*)

##### **PREAMBLE**

The Shire of Gnowangerup recognises the importance of attracting and retaining new businesses to the District ensuring the sustainability of its communities. Council wishes to formalise this recognition by way of introducing a New Business Rates Concession Policy.

##### **POLICY OBJECTIVE**

The Shire of Gnowangerup will provide the New Business Rates Concession to encourage new start-up businesses to the District and to provide a form of financial assistance during the early stages of their operations.

##### **POLICY STATEMENT**

The New Business Rates Concession will:

- Be applied to the first year of Council rates after the business is established;
- Require a written request from the Business proprietor to the Shire **prior** to the rates becoming due and payable;
- Be equivalent to 100% of the property rates component of the annual Council rates i.e. it is not applicable to the Emergency Services Levy, any Specified Area Rates, Rubbish Collection and Recycling charges, etc.; and
- Be capped to an amount of \$2,000.00 per application.

##### **ELIGIBILITY CRITERIA**

The New Business Rates Concession is able to be applied:

- Where a business is a new type of business but not where a new owner has taken over an existing business of the same type;
- Only if the relevant rates have **not** already been paid;
- Only once during the life of each business; and
- In situations where the assessment relates to a property that is the subject of a lease, only if the lease contains a clause making the tenant responsible for the payment of Council rates.

##### **EXAMPLES OF ELIGIBLE APPLICATIONS**

- An auto electrician purchases a property in the district and opens a business. There is no existing auto electrician in the district;
- An auto electrician purchases a property in the district and opens a business. There is no existing auto electrician in the district, although there has been in the past; and
- An auto electrician leases a property in the district and opens a business. The lease makes the auto electrician responsible for the payment of the Council rates on the leased property. There is no existing auto electrician in the district and there may or may not have been in the past.

##### **EXAMPLES OF INELIGIBLE APPLICATIONS**

- An auto electrician purchases a property in the district and opens a business. There is an existing auto electrician in the district;
- An auto electrician leases a property in the district and opens a business. There is no clause in the lease making the auto electrician responsible for the payment of the Council rates on the leased property; and



- An auto electrician leases a property in the district and opens a business. The lease makes the auto electrician responsible for the payment of the Council rates on the leased property. There is an existing auto electrician in the district.

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<b>13.2</b>	<b>WAIVER OF 2017/2018 RATES ON 30 ELDRIDGE STREET, ONGERUP</b>
<b>Location:</b>	Shire of Gnowangerup
<b>Proponent:</b>	Pallinup Pastoral Pty Ltd
<b>File Ref:</b>	ADM
<b>Date of Report:</b>	11 <sup>th</sup> October 2017
<b>Business Unit:</b>	Corporate Services
<b>Officer:</b>	Vin Fordham Lamont – Deputy CEO
<b>Disclosure of Interest:</b>	Nil

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#### ATTACHMENTS

- Letter dated 4<sup>th</sup> October 2017 from Pallinup Pastoral Pty Ltd

#### PURPOSE OF THE REPORT

For Council to determine whether to waive 2017/2018, and a further three years, property rates on 30 Eldridge Street, Ongerup (assessment number A846).

#### BACKGROUND

Pallinup Pastoral Pty Ltd is a community owned and run company which was originally formed to reintroduce the Ongerup General Store back into operation after a period of 18 months of closure rendering the town without a shop. The General Store is now operating successfully under private ownership.

Pallinup Pastoral Pty Ltd has now taken the same action with the Ongerup Roadhouse, in an effort to bring back fuel, sit-down meals and takeaway food to the town. The company bought the property at 30 Eldridge Street, Ongerup and has brought it up to the necessary standard to enable it to be leased to a third party. The Roadhouse is now providing a valuable service to the community.

The company's Board of Directors has committed to the installation of a 24-hour, 7-day a week fuel supply, which requires a special card machine. This is a major item of capital expenditure and Pallinup Pastoral Pty Ltd is seeking assistance from Council to reduce its financial commitment to the Shire to ensure the fuel card machine can go ahead as planned.

Council previously agreed to waive property rates of \$920.81 for assessment number A846 for the 2016/2017 financial year and is being asked to waive them for a further 4 years.

#### COMMENTS

Council has recently adopted a policy on giving rates concessions, in order to encourage and support new businesses within the District.

The policy does not provide for a rates concession being given more than once on the same assessment to the same ratepayer. Given that Pallinup Pastoral Pty Ltd received a concession last financial year, it does not qualify for additional concessions under the new policy.

## CONSULTATION

Nil

## LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

### **6.47. Concessions**

Subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive\* a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.

*\* Absolute majority required.*

### **6.8. Expenditure from municipal fund not included in annual budget**

- (1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —
  - (a) is incurred in a financial year before the adoption of the annual budget by the local government; or
  - (b) is authorised in advance by resolution\*; or
  - (c) is authorised in advance by the mayor or president in an emergency.

*\* Absolute majority required.*

- (1a) In subsection (1) —

***additional purpose*** means a purpose for which no expenditure estimate is included in the local government's annual budget.

- (2) Where expenditure has been incurred by a local government —
  - (a) pursuant to subsection (1)(a), it is to be included in the annual budget for that financial year; and
  - (b) pursuant to subsection (1)(c), it is to be reported to the next ordinary meeting of the council.

*[Section 6.8 amended by No. 1 of 1998 s. 19.]*

## POLICY IMPLICATIONS

4.13 Rates Concessions - New Businesses

## FINANCIAL IMPLICATIONS

Nil – the request is not supported. Otherwise, as Council has already budgeted on receiving the full 2017/2018 rates assessment of \$953.04, there will be a financial implication if the amount is waived. This would need to be offset by a reduction in the budgeted transfer to the Future Fund Reserve. Similar waivers for the next three years would also affect the Shire's bottom line.

## STRATEGIC IMPLICATIONS

Strategic Community Plan 2013 – 2022

GOAL 4: A STRONG AND DIVERSE LOCAL ECONOMY

Outcome 4.2: Viable businesses providing local employment.

Strategy 4.2.1: Attract new businesses and assist where possible the expansion of existing businesses.

## RISK MANAGEMENT CONSIDERATIONS:

Risk Profile: Not meeting Community expectations.

Consequence: Results in reputational impacts.

## IMPACT ON CAPACITY

Nil

## ALTERNATE OPTIONS AND THEIR IMPLICATIONS

1. Support the request to waive the 2017/2018 property rates. Council goes against its own policy and sets a precedent; or
2. Support the request to waive the property rates for 2017/2018 and for an additional 3 years. Similar implications to option 1.

## CONCLUSION

Council should comply with 4.13 Rates Concessions - New Businesses and decline the request from Pallinup Pastoral Pty Ltd.

## VOTING REQUIREMENTS

Absolute Majority

## OFFICERS RECOMMENDATION

1017. That Council:

1. Decline the request from Pallinup Pastoral Pty Ltd to waive the 2017/2018 property rates, and the following 3 years' rates, for 30 Eldridge St, Ongerup (A846).
2. Authorise the CEO to write to Pallinup Pastoral Pty Ltd and confirm Council's decision.

## DISCUSSION

That Council decline the Officers' Recommendation and propose that the Rates for Pallinup Pastoral be waived for a term of 2 years.

## **COUNCIL RESOLUTION**

**Moved: Cr F Gaze**

**Second: Cr L Martin**

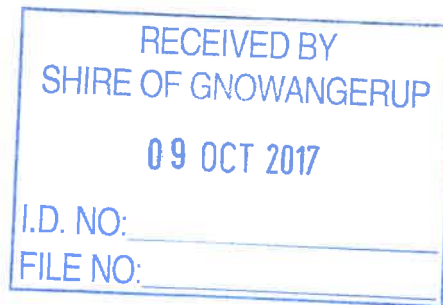
Cr K House spoke for the motion: "I believe we are supporting an essential service specifically for the safety of road users".

**1017.117      That Council:**

- 1. Agree to the request from Pallinup Pastoral Pty Ltd to waive the 2017/2018 and 2018\2019 property rates for 30 Eldridge St, Ongerup (A846).**
- 2. Authorise the CEO to write to Pallinup Pastoral Pty Ltd and confirm Council's decision.**

**CARRIED: 8/1**

Pallinup Pastoral Pty Ltd  
PO Box 11  
Ongerup  
WA 6336



4/10/2017

CEO

Shire of Gnowangerup

Gnowangerup

WA 6335

Dear Shelley,

I write to you in regard to shire rates being charged to Pallinup Pastoral Pty Ltd for our Ongerup Roadhouse property.

As you would be aware, Pallinup Pastoral is a community owned and run company, which was originally formed to get the Ongerup general store back into operation, after the town had been without a shop for a period of over 18 months. This venture was very successful and resulted in us now having a viable store, owned and run by private individuals.

When our local Roadhouse closed down, leaving the town without fuel, meals and takeaway food, Pallinup Pastoral again stepped up, to buy the property and bring it back up to a standard where it could be leased out to a third party to once again run as a roadhouse business. This has happened and the Ongerup Roadhouse is once again providing a valuable service to the local community, visiting work crews and numerous tourists passing through.

The board of directors has had to work very hard over the last 2 years to make all this happen. To raise the money required to fund this venture we have had to coerce more community members to come onboard as unit holders and have also taken out loans from several generous community members. These loans were given on the understanding that the money would be repaid over the next few years. Although the Roadhouse is now operating quite effectively, we still have one item of major capital expenditure to be funded in the very near future. This being a card machine for the fuel, allowing for 24 hour, 7 day a

week fuel supply. This has always been considered an important part of our plan for the roadhouse. It will give us a guaranteed fuel supply for the town and the travelling public, which can be operated even without the roadhouse being open.

With the large amount of money we are soon to pay for this facility, as well as the repayments we have to make on the loans, our finances will be very limited for the next few years.

The Shire of Gnowangerup very generously gave us a reduction in the amount of our rates payable in the first year of our operation and we very much appreciated this gesture.

I am now writing to request that you extend this generosity and give us the same relief in the amount of our shire rates for several more years. This would help us to consolidate our financial position, to where we could comfortably pay our full shire rates in the future.

I would just like to remind you that none of the unitholders in the Pallinup Pastoral trust have invested money with any expectation of personal gain. They have all put in money in good faith, with the sole objective of keeping our town alive and operating as an effective community.

I hope that you give our request due consideration and thank you in advance for any assistance you can give us.

Kingsley Vaux



Chairman. Board of Directors.

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**13.3 CASHFLOW LENDING FACILITY RE WANDRRA WORKS**

**Location:** Shire of Gnowangerup  
**Proponent:** N/A  
**File Ref:** ADM  
**Date of Report:** 12<sup>th</sup> October 2017  
**Business Unit:** Corporate Services  
**Officer:** Vin Fordham Lamont – Deputy CEO  
**Disclosure of Interest:** Nil

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**ATTACHMENTS**

- WATC Liquidity Lending Short Term Facility information booklet

**PURPOSE OF THE REPORT**

For Council to approve a new loan facility with WA Treasury Corp (WATC) to assist with cashflow issues relating to the WA Natural Disaster Relief & Recovery Arrangements (WANDRRA) works associated with the major flooding of February 2017.

**BACKGROUND**

In February 2017, broad scale flooding occurred within the Shire of Gnowangerup. This event was later declared a natural disaster by the Office of Emergency Management and therefore became eligible for WANDRRA funding. In the case of the Shire of Gnowangerup, the funding related to its road network.

Under the provisions of WANDRRA, external contractors undertake the re-instatement works, the Shire pays the contractors and the Shire is then reimbursed by Main Roads WA (MRWA). Previous experience has shown that the Shire has had to wait nearly 6 months in some cases between payment of contractors and receiving the WANDRRA funds. This is mainly due to the fact that each claim has to be approved by the Shire's Project Manager, the Shire itself, MRWA's Great Southern Region, MRWA's head office in Perth, and the Office of Emergency Management.

As a result of the flooding, official estimates put the damage bill at approximately 11 million. A condition of the WANDRRA funding is that all related works must be completed by 30 June 2019. To ensure that this occurs, the Shire has been divided into three sectors and a separate contractor has been allocated to each.

Given the amount of works to be completed, the relatively short period of time allowed for it to be completed, and the length of time between payments to the contractors and reimbursement by Main Roads, officers have identified that the Shire's cashflow is likely to be substantially affected and a financial solution is required to address the issue.



## COMMENTS

Officers sought quotes from local banks, as well as from WATC which is the financier for all of Council's current lending. The banks' overdraft facilities were considered too expensive with high interest rates. One of the banks also quoted on a cashflow finance facility which had fees attached and an indicative interest rate which was still around double the rate of the WATC facility.

Officers are of the opinion that the WATC facility will best address the needs of the Shire in this matter. We are proposing a 3-year maximum term facility to allow for the lag time in reimbursement to the Shire after the works have been completed. It is planned to ask for a 6 million limit on the facility to cover all situations.

Each advance/drawdown on the facility will be for a maximum of 6 months and the advance will be repaid when the Shire is reimbursed by MRWA.

## CONSULTATION

Quotes were obtained from local banks which were unable to match the quote provided by WATC.

## LEGAL AND STATUTORY REQUIREMENTS

*Local Government Act 1995*

Section 6.20 Power to Borrow

## POLICY IMPLICATIONS

Nil

## FINANCIAL IMPLICATIONS

There are no costs associated with the proposed facility other than interest charged on any overdrawn amounts. The interest rate includes the Government Guarantee Fee of 0.70% which applies to all local government borrowings with WATC.

It is impossible at this stage to determine the exact amount of interest which the Shire will be charged this financial year as there are a number of external parties involved in the payment/claim process but we will certainly need to address this matter during the formal Budget Review process later this financial year.

## STRATEGIC IMPLICATIONS

Nil

## RISK MANAGEMENT CONSIDERATIONS:

Nil

## IMPACT ON CAPACITY

Nil

## ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

### CONCLUSION

It is both prudent and necessary for Council to support the proposed lending facility to ensure that the Shire is able to satisfy its financial commitments and maintain its operations.

### VOTING REQUIREMENTS

Absolute Majority

### COUNCIL RESOLUTION

**Moved: Cr S Hmeljak**

**Seconded: Cr R House**

**1017.118      That Council:**

**Pursuant to Section 6.20 of the Local Government Act 1995, authorise the CEO to:**

- **Give a month's public notice of the Shire's intention to take out a new 3-year loan facility with WA Treasury Corp; and**
- **Complete the necessary paperwork with WA Treasury Corp to effect the new facility.**

**UNANIMOUSLY CARRIED: 9/0**

## LIQUIDITY LENDING

### SHORT TERM FACILITY

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## 1 Liquidity Lending

Liquidity lending allows clients to borrow for cash flow management for terms as short as one day to a maximum of one year. Interest is calculated on a simple interest basis and is payable with the principal on maturity.

The interest rate applicable to liquidity borrowings is determined at the outset of the loan.

### 1.1 Cash flow management

The liquidity lending product is intended for use first and foremost as a tool to enable clients to manage short-term cash flow needs.

#### 1.1(a) Managing cash flow peaks and troughs

The key use of the product is to allow clients to borrow to meet immediate cash flow needs and repay from future cash flows. For example, a client expecting to receive a payment in three months' time but with an immediate cash requirement could borrow funds until the date of the expected inflow. Capital and interest are repayable on the maturity date.

The liquidity product allows clients to manage the timing mismatch between revenue and expenditure by borrowing funds short term and rolling the funds periodically until revenue is received.

Liquidity lending is one tool in a portfolio of debt management products. Clients with ongoing core debt are able to use the liquidity product to manage intra-year cash flow peaks and troughs without distorting their core debt portfolio.

#### 1.1(b) Application of liquidity lending – development stage of infrastructure projects

When looking at debt financing for large construction projects, there are essentially two separate issues that need to be addressed and managed:

1. cash flow management during the construction period (e.g. progress payments to builders); and
2. interest rate risk management for financing the asset (i.e. drawing down the full construction costs at the outset of the project may not be the most efficient strategy).

The flexibility of the liquidity product enables clients to separate the timing of their immediate cash flow requirements from the timing of locking in a long-term debt structure.

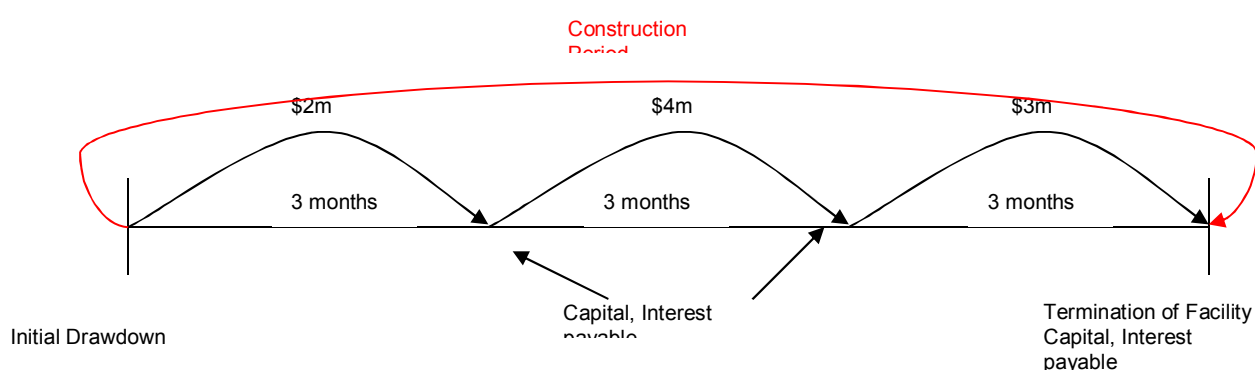
Clients can therefore match cash flow requirements during the construction phase of projects, borrowing a series of small parcels of debt that can be built up to one or more larger parcels of debt, which are then refinanced into a long-term borrowing structure. This effectively enables clients to separate the timing of decisions on long-term interest rate risk management from the timing of cash flow requirements.

This method is preferable to simply drawing down the full amount of debt on a construction project before total payment is due, which results in interest being paid on additional debt that is not being applied to the project and is an unnecessary cost.

Some matters to consider during the construction phase include:

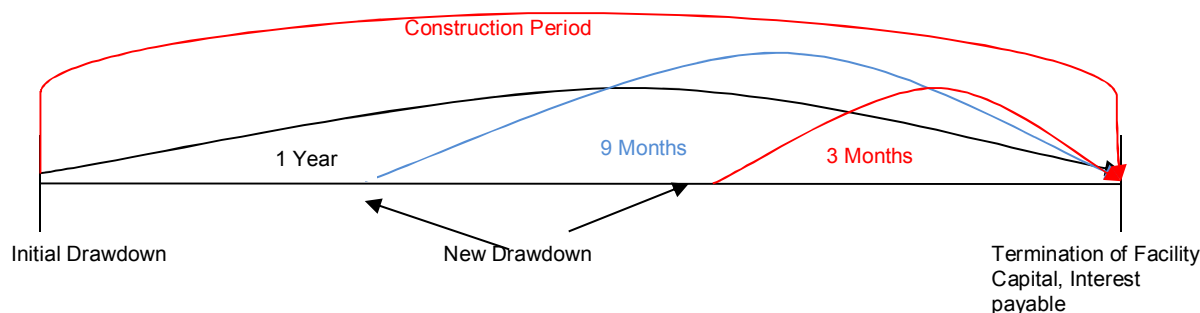
- Debt servicing or capitalisation of interest. Clients can elect to make interest payments during the construction phase, or alternatively capitalise interest at each rollover and include this in the overall cost of construction. The latter is often the preferred option where there are insufficient cash flows to service debt during the construction phase.
- Liquidity lending provides flexibility for the timing of drawdowns. Drawdown notices can be provided to WATC up to one day prior to the drawdown date.

### Example 1 – Rolling Short-Term Loans



Under this approach, funds are borrowed to a particular date in one or more parcels and rolled over at regular intervals. On the maturity date, the maturing capital and interest can be repaid in part or full, or rolled into a new short-term loan, together with any additional capital if required. The new maturity date can be timed to match the next progress payment or set for a regular period such as monthly or quarterly.

### Example 2 – Series of Short-Term Loans



Loans are drawn down only when funds are required, with each loan having a common maturity date. These maturing parcels of liquidity borrowing can then be repaid or refinanced to long-term debt.

## Transition maturing debt into long-term loan

Debt maturing under the liquidity lending product can be refinanced into one of the long-term debt management products that accommodate clients' longer term interest rate risk management and debt servicing requirements. Many clients elect to move parcels of maturing liquidity into long-term debt in a series of smaller loans to diversify interest rate risk. Other clients refinance one large parcel into a single long-term loan, where a fixed commitment is required, or where a client needs to match the repayments to a revenue stream such as a building lease.

### 1.2 Benefits

- A simple, uncomplicated product.
- Facilitates cash flow management by matching borrowings with revenues.
- Flexibility provides clients with maximum control over debt.
- Can be used to manage intra-year cash flow requirements separately from core debt.
- Allows clients to maintain exposure to short-term interest rates in their debt portfolios.

### 1.3 Risks

- Over-reliance on liquidity for long-term funding requirements increases refinancing risk.
- Using liquidity for the short-term interest rate exposure component of a larger debt portfolio requires a high trade volume, which can increase operational risk and administrative costs.
- Using liquidity funding for long-term debt requirements exposes clients to increased volatility and, in particular, the risk that interest costs may increase beyond budget.

### 1.4 Interest calculation methodology

Interest payments on liquidity loans are calculated as follows:

$$\text{Interest payable} = \text{Capital outstanding} \times \text{interest rate} \times \frac{\text{days in period}}{365}$$

$$\text{For example, } \$30,000 \times 6.0\% \times \frac{90}{365} = \$443.84$$

### 1.5 Summary intended to be guide only

This summary is intended as a guide only. The terms and conditions applicable to borrowing under the Liquidity Lending product are specified in the lending agreement between clients and WATC.

#### DISCLAIMER

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation

#### 14. INFRASTRUCTURE AND ASSET MANAGEMENT

#### 15. STATUTORY COMPLIANCE

Nil

#### 16. FINANCE

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##### 16.1 ACCOUNTS FOR PAYMENT AND AUTHORISATION – SEPTEMBER 2017

**Location:** Shire of Gnowangerup  
**Proponent:** N/A  
**File Ref:** ADM0451  
**Date of Report:** 17<sup>th</sup> October 2017  
**Business Unit:** Finance  
**Officer:** Carol Shaddick – Senior Finance Officer  
**Disclosure of Interest:** Nil

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#### ATTACHMENT

- September 2017 Cheque Listing

#### COMMENTS

The September 2017 cheque list is attached as follows

<b>FUND</b>	<b>AMOUNT</b>
Municipal Fund	\$ 201,991.25
Trust Fund	\$ 211,513.42
Credit Card	\$ 2,938.00
<b>TOTAL</b>	<b>\$ 416,442.67</b>

#### COUNCIL RESOLUTION

**Moved: Cr F Hmeljak**

**Seconded: Cr S Hmeljak**

Cr R House spoke for the motion: "It is encouraging to see the procurement of fuel has been negotiated to a commercial rate"

**1017.119 That Council:**

**Approve the Municipal Fund Cheques 27091 - 27110, EFT 12580 – EFT 12656, Click Super DD totalling \$201,991.25 and Trust Fund Cheques 856 - 860 totalling \$211,513.42 and Corporate Credit Card totalling \$2,938.00**

**UNANIMOUSLY CARRIED: 9/0**



Chq/EFT	Date	Name	Description	Amount
856	29/09/2017	MAIN ROADS WA OPERATING ACCOUNT	RETURN OVERPAYMENT FOR WANDRRA CLAIM 9	\$ 210,800.61
857	30/09/2017	SHIRE OF GNOWANGERUP	PAYMENT OF SAR AND SERVICES FOR A1211 BY G & M SAVAGE	\$ 293.90
858	30/09/2017	G & M SAVAGE	REIMBURSEMENT OF FUNDS HELD IN TRUST LESS PAYMENT TO A1211	\$ 233.96
859	30/09/2017	BUILDING COMMISSION	BUILDING PERMIT APPLICATIONS FOR SEPTEMBER	\$ 169.95
860	30/09/2017	SHIRE OF GNOWANGERUP	COMMISSION FOR BUILDING APPLICATIONS	\$ 15.00
<b>TOTAL TRUST ACCOUNT</b>				<b>\$ 211,513.42</b>
EFT12580	6/09/2017	ADRIENNE JOYCE	RENT 26 JAEKEL ST 07/09/2017-20/09/2017	\$ 240.00
EFT12581	6/09/2017	AIR LIQUIDE	CYLINDER FEE G, E, D	\$ 142.69
EFT12582	6/09/2017	AMD CHARTERED ACCOUNTANTS	PREPARATION & ATTENDANCE AUDIT COMMITTEE MEETING 20/08/2017	\$ 1,705.00
EFT12583	6/09/2017	ARMADILLO GROUP	FILTERS FOR SERVICE ON ISUZU TIPPERS	\$ 200.99
EFT12584	6/09/2017	ASHLEIGH ANNE NUTTALL	RENT 22 GROCOCK ST 11/09/2017-24/09/2017	\$ 500.00
EFT12585	6/09/2017	B P HARRIS & SON	REPLACE BROKEN BOLTS ON FREE ROLLER JOHN DEERE GRADER	\$ 611.38
EFT12586	6/09/2017	BEST OFFICE SYSTEMS	DEPOT PHOTOCOPIER CHARGE COLOUR	\$ 148.15
EFT12587	6/09/2017	BGL SOLUTIONS	REMOVE DEAD SHRUBS, PLANT ROSES AND SHRUBS ANZAC PARK	\$ 1,344.20
EFT12588	6/09/2017	BLIGHTS AUTO ELECTRICS	TWO FLASHING LIGHTS FOR KOMATSU GRADER	\$ 558.00
EFT12589	6/09/2017	COURIER AUSTRALIA	FREIGHT	\$ 71.17
EFT12590	6/09/2017	CS LEGAL	PROFESSIONAL FEES FOR LGA SALE 11 & 13 BELL STREET	\$ 88.00
EFT12591	6/09/2017	DIANNE WOLFER	CHILDREN'S BOOKWEEK PRESENTER DIANNE WOLFER	\$ 852.60 F
EFT12592	6/09/2017	EDWARDS MOTORS PTY LTD	REPLACE HEADLAMP FOR HOLEN INSIGNIA GN.00	\$ 1,200.75

EFT12593	6/09/2017 ENVIRONMENTAL MONITORING SYSTEMS PTY LTD	ENVIRONMENTAL HEALTH SERVICES FOR JULY 2017	\$	7,367.93
EFT12594	6/09/2017 GNOWANGERUP COMMUNITY RESOURCE CENTRE	CLEANING, UTILITIES AND AMENITIES FOR JULY 17	\$	749.92
EFT12595	6/09/2017 GNOWANGERUP FUEL SUPPLIES	FUEL FOR GNOWANGERUP 11270 LITRES @ \$1.16P/LTR	\$	13,057.42
		FUEL FOR SHIRE VEHICLES	\$	757.86
EFT12596	6/09/2017 GNOWANGERUP NEWSAGENCY	NEWSPAPERS FOR AUGUST 17	\$	62.00
EFT12597	6/09/2017 GNOWANGERUP PHARMACY	REPLACE FIRST AID EXPIRED SUPPLIES	\$	152.65
EFT12598	6/09/2017 GNOWANGERUP TYRE SERVICE	GRADER TYRE REPAIR FOR KOMATSU GRADE GN.0021	\$	122.00
EFT12599	6/09/2017 JASON SIGN MAKERS	RED/WHITE DELINEATORS FOR GUIDE POSTING	\$	660.00
EFT12600	6/09/2017 JH COMPUTER SERVICES PTY LTD	MEDICAL CENTRE UPGRADE OF IT - EQUIPMENT, LABOUR ETC	\$	220.00
EFT12601	6/09/2017 LANDGATE	LAND ENQUIRY	\$	50.60
EFT12602	6/09/2017 MESSAGEMEDIA	2388 MESSAGES FOR AUGUST	\$	420.29
EFT12603	6/09/2017 OLUMAYOKUN OLUYEDE	CASH SUBSIDY AS PER CONTRACT FOR AUGUST	\$	11,000.00
EFT12604	6/09/2017 OPUS INTERNATIONAL CONSULTANCY	DETAIL DESIGN AND CONTRACT ADMINISTRATION CLUNEO CLOSE	\$	2,645.50
EFT12605	6/09/2017 RECORDS ARCHIVES HISTORICAL MANAGEMENT	RECORDS OVERHAUL 2/3 PROJECT COST	\$	11,687.50
EFT12606	6/09/2017 SHIRE OF CUBALLING	BUILDING SURVEYOR SERVICES FOR AUGUST 2017	\$	3,769.80
EFT12607	6/09/2017 WINC. (WORK INCORPORATED)	STATIONERY	\$	371.73
EFT12608	6/09/2017 WARREN BLACKWOOD WASTE	BIN PICKUP 03/08, 10/08, 17/08, 24/08, 31/08	\$	6,945.75
EFT12609	6/09/2017 WURTH AUSTRALIA PTY LTD	BRAKE CLEANER 20LT	\$	94.69
EFT12610	15/09/2017 ADMIN SOCIAL CLUB	Payroll deductions	\$	80.00
EFT12611	15/09/2017 AFGRI EQUIPMENT AUSTRALIA PTY LTD	BLADES FOR JOHN DEERE MOWER	\$	990.00
EFT12612	15/09/2017 AUSTRALIA POST	POSTAGE FOR AUGUST 17	\$	836.48

EFT12613	15/09/2017 BGL SOLUTIONS	MONTHLY GROUND MAINTENANCE AS PER CONTRACT	\$	10,429.53
EFT12614	15/09/2017 BLACK AND GOLD SOCIAL CLUB	Payroll deductions	\$	135.00
EFT12615	15/09/2017 BOC GASES	CONTAINER SERVICE CHARGE FOR FORKLIFT BOTTLES	\$	21.51
EFT12616	15/09/2017 BTW CONTRACTING PTY LTD	ELBOW FOR SEPTIC TRUCK	\$	25.00
EFT12617	15/09/2017 COURIER AUSTRALIA	FREIGHT	\$	79.76
EFT12618	15/09/2017 DL CONSULTING	PREPARE BUDGET PAPERS, COUNCIL WORKSHOP AND TRAVEL	\$	8,758.20
		PREPARE MONTHLY FINANCE REPORT TEMPLATE	\$	1,512.50
EFT12619	15/09/2017 GNOWANGERUP COMMUNITY RESOURCE CENTRE	ARTGN ANNUAL EXHIBITION OPENING GRANT FUNDING	\$	550.00
		CLEANING, UTILITIES & AMENITIES FOR AUGUST	\$	755.84
EFT12620	15/09/2017 GNOWANGERUP SMASH REPAIRS	INSURANCE EXCESS FOR REPAIRS TO ISUZU D-MAX GN.010	\$	300.00
EFT12621	15/09/2017 HR SETTLEMENTS	SETTLEMENT COSTS FOR THE PURCHASE OF 117 VAUX STREET ONGERUP	\$	1,229.11
EFT12622	15/09/2017 IT VISION	BACKUP OF SYNERGY BEFORE RAISING RATES	\$	275.00
EFT12623	15/09/2017 JERRAMUNGUP ELECTRICAL SERVICE	INSTALL POWER FOR POOL GARDEN SUMP PUMP	\$	1,321.03
		REPLACE OVEN ELEMENT IN ADMIN KITCHEN	\$	275.28
		REPAIRS TO LIGHTS IN PUBLIC TOILETS ONGERUP	\$	418.00
		MEDICAL CENTRE LIGHT SAFETY SWITCH	\$	136.13
EFT12624	15/09/2017 JR & A HERSEY PTY LTD	SHOVEL HANDLES, EXPENDABLE TOOLS & WATER COOLERS	\$	254.05
EFT12625	15/09/2017 ONLINE SAFETY SYSTEMS PTY LTD	PLANT ASSESSOR MONTHLY ACCESS FEE	\$	528.00
EFT12626	15/09/2017 PRIMARIES GNOWANGERUP	EXPENDABLE TOOLS & HARDWARE ITEMS	\$	538.70
EFT12627	15/09/2017 SADLERS BUTCHERS	COUNCIL BREIFING SESSION AND COUNCIL MEETINGS	\$	619.00
EFT12628	15/09/2017 SHIRE OF BROOMEHILL-TAMBELLUP	HIDDEN TREASURES ANNUAL CONTRIBUTION	\$	4,400.00
EFT12629	15/09/2017 STAR SALES & SERVICE	20 INCH CHAIN BARS AND CHAINS FOR CHAINSAWS	\$	705.00

EFT12630	15/09/2017 TALK AUDIO VISUAL	PA SYSTEM FOR COMMUNITY EVENTS AND ACTIVITIES	\$	1,200.00
EFT12631	15/09/2017 WA CONTRACT RANGER SERVICES	RANGER SERVICES 24/08, 31/08, 06/09	\$	1,449.25
EFT12632	15/09/2017 WARREN BLACKWOOD WASTE	LANDFILL COMPACTION AT GNOWANGERUP REFUSE SITE	\$	1,375.00
EFT12633	26/09/2017 ADMIN SOCIAL CLUB	Payroll deductions	\$	80.00
EFT12634	26/09/2017 AMCAP DISTRIBUTION CENTRE	PARTS FOR REPAIRS TO HOLDEN COLORADO	\$	355.72
EFT12635	26/09/2017 ASHLEIGH ANNE NUTTALL	WATER CONSUMPTION 12/07/2017-08/09/2017	\$	23.53
EFT12636	26/09/2017 BGL SOLUTIONS	INSTALL SUB-SURFACE DRAIN TO LAWN DRAINAGE PROBLEM	\$	4,034.32
		REPAIR WORK - CAUSE OF DAMAGE TO COMPLEX FLOOR	\$	3,799.00
		IRRIGATION REPAIRS AT SWIMMING POOL	\$	209.00
EFT12637	26/09/2017 BLACK AND GOLD SOCIAL CLUB	Payroll deductions	\$	135.00
EFT12638	26/09/2017 COURIER AUSTRALIA	FREIGHT	\$	20.88
EFT12639	26/09/2017 DEPT OF WATER & ENVIRONMENTAL REGULATION	TRACKING FORM - SEPTIC	\$	44.00
EFT12640	26/09/2017 ENERGY AND WATER OMBUDSMAN (WA) LIMITED	ANNUAL LEVY 2017/2018	\$	51.15
EFT12641	26/09/2017 GNOWANGERUP TYRE SERVICE	TROLLEY TYRE 4.00-6 2PR	\$	60.00
EFT12642	26/09/2017 HIDEWOOD PRINTERS	PRE START BOOKS FOR SHIRE PLANT	\$	1,122.94
EFT12643	26/09/2017 HITACHI	VIBRATION DAMPER FOR JOHN DEERE GRADER	\$	866.91
EFT12644	26/09/2017 J.E. & K.N. DAVIS	COMPACT EXISTING TRENCH, EXCAVATE NEW TRENCH BORDEN REFUSE	\$	5,919.10
EFT12645	26/09/2017 JERRAMUNGUP ELECTRICAL SERVICE	FIX AUTO LIGHTS AT PUBLIC TOILETS BORDEN	\$	435.07
		REPAIRS TO ONGERUP COMPLEX RETIC	\$	324.50
EFT12646	26/09/2017 JR & A HERSEY PTY LTD	UNIFORM ORDER FOR ALL DEPOT STAFF PART 1	\$	5,509.20
EFT12647	26/09/2017 KATANNING INTERNATIONAL RULES ASSOCIATION	KIDSPORT SUBS	\$	40.00 F
EFT12648	26/09/2017 KATANNING JUNIOR BASKETBALL ASSOCIATION	KIDSPORT SUBS	\$	180.00 F

EFT12649	26/09/2017	KOMATSU AUSTRALIA PTY LTD	SEVICE PARTS FOR KOMATSU GRADER GN.0021	\$	449.70	
EFT12650	26/09/2017	LANDMARK OPERATIONS - GNOWANGERUP	9 X 20L DRUMS GLYPHOSATE	\$	988.02	
EFT12651	26/09/2017	ONGERUP FARM SUPPLIES - MICK CREAGH	TOGGLE SCREW & FLANGE FOR LEAKING TOILET ONG COMMUNITY CENTRE	\$	8.95	
EFT12652	26/09/2017	T. T DATACOMMS	INSTALLATION OF ANNTENNA MOUNTING POLES MEDICAL CENTRE	\$	1,159.33	
EFT12653	26/09/2017	TRAILBLAZERS	DEPOT STAFF UNIFORM ITEMS	\$	322.00	
EFT12654	26/09/2017	WA CONTRACT RANGER SERVICES	RANGER SERVICES 14/09, 15/09, 20/09	\$	1,028.50	
EFT12655	26/09/2017	WESTRAC EQUIPMENT PTY LTD	SERVICE PARTS FOR CAT GRADER	\$	113.38	
EFT12656	26/09/2017	WINC. (WORK INCORPORATED)	WALL CALLENDAR FOR PAYROLL	\$	29.67	
27091	6/09/2017	GNOWANGERUP IGA	CONSUMABLES	\$	492.01	
27092	6/09/2017	ALISTAIR CRAIG RICHARDSON	REIMBURSEMENT FOR THE CONSTRUCTION OF CROSSOVER	\$	1,000.00	
27093	6/09/2017	CASTLEDEX	FILING LABELS	\$	57.17	
27094	6/09/2017	DEPT OF LG SPORT AND CULTURAL INDUSTRIES	RETURN UNEXPENDED GRANT MONIES - ADJUSTMENT	\$	488.50	F
27095	6/09/2017	GREAT SOUTHERN GYMSPORT	JUNIOR SUBS	\$	405.00	F
27096	6/09/2017	SHIRE OF GNOWANGERUP	DFES BUILDINGS RUBBISH COLLECT FEES FOR 2017/18	\$	519.00	F
27097	15/09/2017	A SMART START- CENTRAL GREAT SOUTHERN INC.	COMMUNITY GRANT AS PER BUDGET 2017/18	\$	2,000.00	
27098	15/09/2017	AUSTRALIAN TAXATION OFFICE	GST PAYABLE TO ATO FOR AUGUST 2017	\$	20,684.00	
27099	15/09/2017	MEU	Payroll deductions	\$	205.00	
27100	15/09/2017	MOORE POWER & COOL	COOLROOM REPAIRS AND REGAS AT GNP PAVILION	\$	885.64	
			REPAIRS TO VISITOR HOT WATER SYSTEM	\$	148.50	
27101	15/09/2017	SYNERGY	STREET LIGHTING TO 01/09/2017	\$	3,655.55	
			SHIRE BUILDINGS TO 01/09/2017	\$	4,786.30	

27102	15/09/2017	CANCELLED	PRINTING ERROR	\$	0.00
27103	15/09/2017	CANCELLED	PRINTING ERROR	\$	0.00
27104	15/09/2017	TELSTRA	USAGE, SERVICE AND EQUIPMENT	\$	1,462.40
27105	15/09/2017	WATER CORPORATION	WATER USAGE AND SERVICE CHARGES	\$	1,569.00
27106	26/09/2017	GNOWANGERUP COMMUNITY CHURCH	COMMUNITY GRANT AS PER BUDGET 17/18	\$	5,000.00
27107	26/09/2017	MEU	Payroll deductions	\$	205.00
27108	26/09/2017	TELSTRA	MOBILE PHONE AND DATA PACKAGES	\$	715.40
27109	26/09/2017	WATER CORPORATION	WATER USAGE AND SERVICE CHARGES	\$	2,650.29
27110	26/09/2017	YVETTE PATRICIA WHEATCROFT	MEALS FOR TRAINING	\$	94.00
DD3904.1	6/09/2017	WALGS PLAN	Payroll deductions	\$	8,161.23
DD3904.2	6/09/2017	SMSF	Superannuation contributions	\$	617.72
DD3904.3	6/09/2017	COLONIAL FIRSTWRAP PLUS PERSONAL SUPER	Superannuation contributions	\$	627.19
DD3904.4	6/09/2017	PRIME SUPER	Superannuation contributions	\$	215.71
DD3904.5	6/09/2017	AUSTRALIAN SUPER	Superannuation contributions	\$	446.73
DD3904.6	6/09/2017	BENDIGO SMARTOPTIONS SUPER	Superannuation contributions	\$	103.66
DD3904.7	6/09/2017	BT SUPER FOR LIFE	Superannuation contributions	\$	312.13
DD3912.1	20/09/2017	WALGS PLAN	Payroll deductions	\$	7,805.58
DD3912.2	20/09/2017	SMSF	Superannuation contributions	\$	574.89
DD3912.3	20/09/2017	COLONIAL FIRSTWRAP PLUS PERSONAL SUPER	Superannuation contributions	\$	698.13
DD3912.4	20/09/2017	PRIME SUPER	Superannuation contributions	\$	215.71

DD3912.5	20/09/2017 AUSTRALIAN SUPER	Superannuation contributions	\$	432.55
DD3912.6	20/09/2017 BENDIGO SMARTOPTIONS SUPER	Superannuation contributions	\$	103.11
DD3912.7	20/09/2017 BT SUPER FOR LIFE	Superannuation contributions	\$	348.34
<b>TOTAL MUNICIPAL ACCOUNT</b>			<b>\$</b>	<b>201,991.25</b>
11/08/2017	ST ANNES FLORIST	FLOWERS & GIFT HAMPER FOR B. DEERING	\$	191.00
14/08/2017	GULL WAGIN	FUEL FOR SHIRE VEHICLE	\$	74.08
16/08/2017	ASKWITH SAFE CO	LOCK SAFE FOR DEFIB	\$	162.00
29/08/2017	SHIRE OF GNOWANGERUP	LICENSE RENEWAL AS PER EBA	\$	42.50
31/08/2017	SOUTHERN DIRT INCORP	CEO ATTENDANCE AT KATANNING TECHSPO	\$	160.30
1/09/2017	ST ANNES FLORIST	FLOWERS EX COUNCILLOR BRIAN BEECK	\$	66.00
4/09/2017	WESTNET	SHIRE INTERNET	\$	273.83
5/09/2017	GILBERT WINES	CEO AND COUNCILLORS APPRECIATION DINNER	\$	718.00
8/09/2017	TELSTRA	DCEO HOME INTERNET JULY - AUGUST	\$	169.79
11/09/2017	COMFORT INN BEL EYRE BELMONT	ACCOMODATION MW TRAINING	\$	534.00
11/09/2017	COMFORT INN BEL EYRE BELMONT	ACCOMODATION LEADING HAND TRAINING	\$	528.50
11/09/2017	CARD FEES	BANK FEES	\$	18.00
<b>TOTAL CORPORATE CREDIT CARD</b>			<b>\$</b>	<b>2,938.00</b>

**CERTIFICATE OF SENIOR FINANCE OFFICER**

**I HEREBY CERTIFY THE FOLLOWING SCHEDULE OF ACCOUNTS:**

TOTAL FOR MUNICIPAL FUND: EFT12580 - 12656 Cheque 27091 - 27110 DD Clicksuper = \$201,991.25

TOTAL FOR TRUST FUND: Cheque 856 - 860 \$211,513.42

TOTAL FOR CREDIT CARD: \$2,938.00

**CHIEF EXECUTIVE OFFICER**

F	Fully Grant Funded
P	Partial Grant Funded
R	Other Funding (Reimbursements)
W	Main Roads Flood Damage



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**16.2 AUGUST 2017 MONTHLY FINANCIAL REPORT**

**Location:** Shire of Gnowangerup  
**Proponent:** N/A  
**File Ref:** ADM0451  
**Date of Report:** 19<sup>th</sup> September 2017  
**Business Unit:** Finance  
**Officer:** Darren Long - Finance Consultant  
Carol Shaddick - Senior Finance Officer  
**Disclosure of Interest:** NIL

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**Attachments**

- Monthly Financial Statements for period 31 August 2017 including;
  - Statement of Financial Activity to 31 August 2017;
  - Report on Material Differences;
  - Comprehensive Income by Program and Nature & Type;
  - Statement of Financial Position;
  - Statement of Cash Flows; and
  - Current Assets and Liabilities.

**Summary**

Adoption of the August 2017 Monthly Financial Report.

**Comments**

Presented to Council is the Financial Statement to 31 August 2017 subject to change as a result of end of year procedures and audit process.

**Consultation**

Nil

**Statutory Environment**

Local Government Financial Regulations (1996) 22, 32 and 43 apply.

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

Nil

**Voting Requirements**

Simple Majority

**COUNCIL RESOLUTION**

**Moved: Cr L Martin**

**Seconded: Cr F Gaze**

**1017.120      That the August 2017 Monthly Financial Report be received and noted**

**UNANIMOUSLY CARRIED: 9/0**



**SHIRE OF GNOWANGERUP**

# **MONTHLY FINANCIAL REPORT**

**31 AUGUST 2017**

**SHIRE OF GNOWANGERUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDING 31 AUGUST 2017**

	NOTES	2017-18 ANNUAL BUDGET	2017-18 JULY - AUG BUDGET	2017-18 YTD ACTUAL
<b>EXPENDITURE (Excluding Finance Costs)</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
General Purpose Funding		(147,372)	(23,396)	(16,782)
Governance		(988,233)	(174,040)	(111,308)
Law, Order, Public Safety		(311,336)	(70,006)	(44,923)
Health		(233,540)	(39,163)	(41,746)
Education and Welfare		(22,709)	(6,894)	(1,874)
Housing		(48,629)	(9,819)	(2,986)
Community Amenities		(511,465)	(85,764)	(58,068)
Recreation and Culture		(1,390,887)	(263,341)	(137,596)
Transport		(9,760,863)	(1,508,958)	(227,348)
Economic Services		(140,955)	(17,799)	(20,178)
Other Property and Services		(132,646)	(105,592)	(113,976)
		(13,688,636)	(2,304,773)	(776,785)
<b>REVENUE</b>				
General Purpose Funding		4,447,987	172,863	3,850,169
Governance		2,100	30	0
Law, Order, Public Safety		53,393	90	3,462
Health		300	0	140
Education and Welfare		11,400	1,856	0
Housing		72,280	13,010	12,113
Community Amenities		284,192	2,881	261,885
Recreation and Culture		22,955	250	1,324
Transport		6,144,100	960,020	83,729
Economic Services		10,932	467	1,070
Other Property & Services		108,330	24,357	30,358
		11,157,969	1,175,824	4,244,252
<i>Increase(Decrease)</i>		(2,530,667)	(1,128,949)	3,467,466
<b>FINANCE COSTS</b>				
General Purpose Funding		0		0
Housing		(16,874)	0	0
Community Amenities		(1,078)	0	0
Recreation & Culture		(29,319)	(84)	0
Total Finance Costs		(47,271)	(84)	0
<b>NON-OPERATING REVENUE</b>				
General Purpose Funding		0	0	0
Law, Order & Public Safety		0		0
Recreation & Culture		32,000	0	0
Transport		653,135	0	1,077
Economic Services		0	0	0
Total Non-Operating Revenue		685,135	0	1,077
<b>PROFIT/(LOSS) ON SALE OF ASSETS</b>				
Law, Order & Public Safety		0	0	0
Other Property & Services Profit		0	0	0
Other Property & Services Loss		0	0	0
Total Profit/(Loss)		0	0	0
<b>NET RESULT</b>		(1,892,803)	(1,129,033)	3,468,543
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets		0	0	0
Total Abnormal Items		0	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(1,892,803)</b>	<b>(1,129,033)</b>	<b>3,468,543</b>

**SHIRE OF GNOWANGERUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE/TYPE**  
**FOR THE PERIOD ENDING 31 AUGUST 2017**

	<b>2017-18 BUDGET</b>	<b>2017-18 ACTUAL</b>
<b>Expenses</b>		
Employee Costs	(2,276,669)	(362,278)
Materials and Contracts	(8,182,912)	(255,976)
Utility Charges	(169,080)	(19,206)
Depreciation on Non-Current Assets	(2,480,475)	0
Interest Expenses	(52,271)	0
Insurance Expenses	(220,083)	(110,006)
Other Expenditure	(354,416)	(29,319)
	<b>(13,735,907)</b>	<b>(776,785)</b>
<b>Revenue</b>		
Rates	3,857,492	3,856,891
Operating Grants, Subsidies and Contributions	6,886,372	239,514
Fees and Charges	289,583	96,943
Service Charges	0	0
Interest Earnings	68,500	6,892
Other Revenue	56,022	44,011
	<b>11,157,969</b>	<b>4,244,252</b>
	<b>(2,577,938)</b>	<b>3,467,466</b>
Non-Operating Grants, Subsidies & Contributions	685,135	1,077
Fair Value Adjustments to financial assets at fair value through profit/loss	0	0
Profit on Asset Disposals	0	0
Loss on Asset Disposals	0	0
	<b>685,135</b>	<b>1,077</b>
<b>Net Result</b>	<b>(1,892,803)</b>	<b>3,468,543</b>
<b>Other Comprehensive Income</b>		
Changes on revaluation of non-current assets	0	0
<b>Total Other Comprehensive Income</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(1,892,803)</b>	<b>3,468,543</b>

**SHIRE OF GNOWANGERUP**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDING 31 AUGUST 2017**

	Note	2016-17 ACTUAL \$	2017-18 ACTUAL \$	Variance \$
<b>Current assets</b>				
Unrestricted Cash & Cash Equivalents		1,153,453	1,314,208	160,755
Restricted Cash & Cash Equivalents		1,920,586	1,901,781	-18,805
Trade and other receivables		1,078,375	4,198,423	3,120,048
Inventories		21,203	36,422	15,219
Other assets		0	0	0
<b>Total current assets</b>		<b>4,173,617</b>	<b>7,450,834</b>	<b>3,277,217</b>
<b>Non-current assets</b>				
Trade and other receivables		235,287	235,287	0
LG House Unit Trust		6,186	6,186	0
Property, infrastructure, plant and equipment		32,154,352	30,589,833	-1,564,519
Infrastructure Assets		124,459,581	127,093,200	2,633,619
<b>Total non-current assets</b>		<b>156,855,406</b>	<b>157,924,507</b>	<b>1,069,101</b>
<b>Total assets</b>		<b>161,029,023</b>	<b>165,375,341</b>	<b>4,346,318</b>
<b>Current liabilities</b>				
Trade and other payables		206,879	163,355	43,524
Interest-bearing loans and borrowings		113,793	113,793	0
Provisions		307,558	307,558	0
<b>Total current liabilities</b>		<b>628,230</b>	<b>584,707</b>	<b>43,523</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings		962,704	962,704	0
Provisions		44,370	44,370	0
<b>Total non-current liabilities</b>		<b>1,007,074</b>	<b>1,007,074</b>	<b>0</b>
<b>Total liabilities</b>		<b>1,635,304</b>	<b>1,591,780</b>	<b>43,524</b>
<b>Net assets</b>		<b>159,393,719</b>	<b>163,783,561</b>	<b>4,389,842</b>
<b>Equity</b>				
Retained surplus		42,380,230	43,369,566	989,336
Net Result		1,150,069	3,468,543	2,318,474
Reserve - asset revaluation		113,967,043	115,046,738	1,079,695
Reserve - Cash backed		1,896,377	1,898,714	2,337
<b>Total equity</b>		<b>159,393,719</b>	<b>163,783,561</b>	<b>4,389,842</b>

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

**SHIRE OF GNOWANGERUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDING 31 AUGUST 2017**

	Note	2016-17 ACTUAL \$	2017-18 BUDGET \$	2017-18 ACTUAL \$
<b>Cash Flows from operating activities</b>				
<b>Payments</b>				
Employee Costs		(2,060,459)	(2,228,555)	(373,962)
Materials & Contracts		(3,249,331)	(8,333,083)	(310,795)
Utilities (gas, electricity, water, etc)		(142,256)	(169,080)	(19,206)
Insurance		(158,494)	(220,083)	(110,006)
Interest Expense		(65,472)	(52,271)	0
Goods and Services Tax Paid		(52,830)	(55,171)	(300,000)
Other Expenses		(213,746)	(354,417)	(29,319)
		<b>(5,942,588)</b>	<b>(11,412,660)</b>	<b>(1,143,288)</b>
<b>Receipts</b>				
Rates		3,685,949	3,826,158	612,885
Operating Grants & Subsidies		1,763,186	1,538,103	239,514
Contributions, Reimbursements & Donations		0	0	0
Fees and Charges		210,559	289,583	70,902
Interest Earnings		110,318	68,500	6,892
Goods and Services Tax		0	53,132	299,363
Other		2,160,591	6,079,291	44,011
		<b>7,930,602</b>	<b>11,854,767</b>	<b>1,273,567</b>
<b>Net Cash flows from Operating Activities</b>		<b>1,988,014</b>	<b>442,107</b>	<b>130,279</b>
<b>Cash flows from investing activities</b>				
<b>Payments</b>				
Purchase of Land		(25,212)	(427,588)	0
Purchase of Buildings		(393,296)	(121,951)	(1,525)
Purchase Plant and Equipment		(342,252)	(358,000)	0
Purchase Furniture and Equipment		(47,326)	(30,900)	(2,586)
Purchase Road Infrastructure Assets		(1,580,537)	(1,217,635)	(1,460)
Purchase of Footpath Assets		(2,875)	(5,000)	0
Purchase Aerodrome Assets		0	(5,000)	0
Purchase Drainage Assets		(4,203)	(5,000)	0
Purchase Sewerage Assets		(143,702)	(100,000)	0
Purchase Parks & Ovals Assets		0	(5,900)	0
Purchase Solid Waste Assets		0	0	0
Purchase Other Infrastructure Assets		0	(3,000)	0
<b>Receipts</b>		<b>(28,761)</b>		
Proceeds from Sale of Assets		147,227	142,000	36,364
Non-Operating grants used for Development of Assets		1,258,389	685,135	1,077
		<b>(1,162,549)</b>	<b>(1,452,839)</b>	<b>31,869</b>
<b>Cash flows from financing activities</b>				
Repayment of Debentures		(234,924)	(163,109)	0
Advances to Community Groups		0	0	0
Revenue from Self Supporting Loans		78,622	26,352	0
Proceeds from New Debentures		0	0	0
<b>Net cash flows from financing activities</b>		<b>(156,302)</b>	<b>(136,757)</b>	<b>0</b>
<b>Net increase/(decrease) in cash held</b>		<b>669,163</b>	<b>(1,147,489)</b>	<b>162,148</b>
<b>Cash at the Beginning of Reporting Period</b>		<b>2,404,876</b>	<b>3,074,039</b>	<b>3,074,039</b>
<b>Cash at the End of Reporting Period</b>		<b>3,074,039</b>	<b>1,926,551</b>	<b>3,236,187</b>

**SHIRE OF GNOWANGERUP  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDING 31 AUGUST 2017**

**Notes**

	2016-17 ACTUAL \$	2017-18 BUDGET \$	2017-18 ACTUAL \$
<b>RECONCILIATION OF CASH</b>			
Cash at Bank	3,073,459	1,925,709	3,215,147
Cash on Hand	580	842	842
<b>TOTAL CASH</b>	<b>3,074,039</b>	<b>1,926,551</b>	<b>3,215,989</b>
<b>RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO OPERATING RESULT</b>			
Net Result (As per Comprehensive Income Statement)	1,150,069	(1,892,803)	3,468,543
Add back Depreciation	2,461,460	2,480,475	0
(Gain)/Loss on Disposal of Assets	67,171	-	0
Self Supporting Loan Principal Reimbursements	-	-	0
Contributions for the Development of Assets	(1,258,389)	(685,135)	(1,077)
Changes in Assets and Liabilities			
(Increase)/Decrease in Inventory	(692)	0	(15,218)
(Increase)/Decrease in Receivables	(462,161)	718,132	(3,269,637)
Increase/(Decrease) in Accounts Payable	(15,510)	(226,675)	(52,331)
Increase/(Decrease) in Prepayments	-	0	0
Increase/(Decrease) in Employee Provisions	46,067	48,114	0
Increase/(Decrease) in Accrued Expenses	-	0	0
Rounding	-	0	0
<b>NET CASH FROM/(USED) IN OPERATING ACTIVITIES</b>	<b>1,988,014</b>	<b>\$442,107</b>	<b>130,279</b>



**SHIRE OF GNOWANGERUP**  
**FINANCIAL ACTIVITY STATEMENT**  
**FOR THE PERIOD ENDING 31 AUGUST 2017**

	2016-17	2017-18	2017-18	2017-18	MATERIAL	MATERIAL	VAR
	ACTUAL	ANNUAL	JULY- AUG	JULY- AUG	VARIANCES	VARIANCES	
		BUDGET	BUDGET (a)	ACTUAL (b)	(b)-(a) \$	(b)-(a)/(a) %	
<b>OPERATING REVENUE</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>			
General Purpose Funding	2,064,455	829,414	172,863	233,015	60,152	34.80%	▲
Governance	5,964	2,100	30	0	(30)	(100.00%)	
Law, Order Public Safety	85,735	53,393	90	3,462	3,372	3746.19%	
Health	297	300	0	140	140		
Education and Welfare	14,219	11,400	1,856	0	(1,856)	(100.00%)	
Housing	75,293	72,280	13,010	12,113	(898)	(6.90%)	
Community Amenities	282,639	284,192	2,881	261,885	259,004	8989.81%	▲
Recreation and Culture	73,102	22,955	250	1,324	1,074	429.80%	
Transport	2,013,434	6,144,100	960,020	83,729	(876,291)	(91.28%)	▼
Economic Services	17,373	10,932	467	1,070	604	129.45%	
Other Property and Services	206,160	108,330	24,357	30,358	6,001	24.64%	
	<b>4,838,670</b>	<b>7,539,396</b>	<b>1,175,824</b>	<b>627,097</b>	<b>(548,727)</b>		
<b>LESS OPERATING EXPENDITURE</b>							
General Purpose Funding	(82,805)	(147,372)	(23,396)	(16,782)	6,615	28.27%	
Governance	(681,545)	(988,233)	(174,040)	(111,308)	62,732	36.04%	▲
Law, Order, Public Safety	(300,725)	(311,336)	(70,006)	(44,923)	25,083	35.83%	▲
Health	(221,466)	(233,540)	(39,163)	(41,746)	(2,584)	(6.60%)	
Education and Welfare	(21,222)	(22,709)	(6,894)	(1,874)	5,019	72.81%	
Housing	(75,231)	(65,503)	(9,819)	(2,986)	6,833	69.59%	
Community Amenities	(384,073)	(512,543)	(85,764)	(58,068)	27,697	32.29%	▲
Recreation and Culture	(1,300,450)	(1,420,206)	(263,341)	(137,596)	125,745	47.75%	▲
Transport	(4,847,178)	(9,760,863)	(1,508,958)	(227,348)	1,281,610	84.93%	▲
Economic Services	(55,577)	(140,955)	(17,799)	(20,178)	(2,379)	(13.37%)	
Other Property & Services	(538,986)	(132,646)	(105,592)	(113,976)	(8,384)	(7.94%)	
	<b>(8,509,258)</b>	<b>(13,735,907)</b>	<b>(2,304,773)</b>	<b>(776,785)</b>	<b>1,527,987</b>		
<i>Increase/(Decrease)</i>	<b>(3,670,587)</b>	<b>(6,196,511)</b>	<b>(1,128,949)</b>	<b>(149,689)</b>	<b>979,260</b>		
<b>ADD</b>							
Movement in Employee Benefits (Non-current)	(739)	47,144	0	0	0		
Movement in Deferred Pensioners (Non-current)	(12,532)	0	0	0	0		
(Profit)/ Loss on the disposal of assets	67,171	0	0	0	0		
Depreciation Written Back	2,461,460	2,480,475	413,247	0	(413,247)	(100.00%)	▼
	<b>2,515,359</b>	<b>2,527,619</b>	<b>413,247</b>	<b>0</b>	<b>(413,247)</b>		
<i>Sub Total</i>	<b>(1,155,228)</b>	<b>(3,668,892)</b>	<b>(715,702)</b>	<b>(149,689)</b>	<b>566,013</b>		
<b>LESS CAPITAL PROGRAMME</b>							
Purchase of Land	(25,212)	0	0	(20,198)	(20,198)		▼
Purchase Buildings	(393,296)	(549,539)	0	(1,525)	(1,525)		
Infrastructure Assets - Roads	(1,580,537)	(1,217,635)	0	(1,460)	(1,460)		
Infrastructure Assets - Footpaths	(2,875)	(5,000)	0	0	0		
Infrastructure Assets - Aerodromes	0	(5,000)	0	0	0		
Infrastructure Assets - Drainage	(4,203)	(5,000)	0	0	0		
Infrastructure Assets - Sewerage	(143,702)	(100,000)	(2,310)	0	2,310	100.00%	
Infrastructure Assets - Parks & Ovals	0	(5,900)	0	0	0		
Infrastructure Assets - Solid Waste	(28,761)	0	0	0	0		
Infrastructure Assets - Other	0	(3,000)	0	0	0		
Purchase Plant and Equipment	(342,252)	(358,000)	0	0	0		
Purchase Furniture and Equipment	(47,326)	(30,900)	0	(2,586)	(2,586)		
Proceeds from Sale of Assets	147,227	142,000	0	36,364	36,364		▲
Contributions for the Development of Assets	1,258,389	685,135	0	1,077	1,077		
Repayment of Debt - Loan Principal	(234,924)	(163,109)	0	0	0		
Self Supporting Loan Principal Income	78,622	26,352	0	0	0		
Transfer to Reserves	(182,912)	(516,057)	(4,498)	(2,336)	2,162	48.06%	
	<b>(1,501,763)</b>	<b>(2,105,653)</b>	<b>(6,808)</b>	<b>9,335</b>	<b>16,143</b>		
Plus Rounding							
<i>Sub Total</i>	<b>(2,656,991)</b>	<b>(5,774,545)</b>	<b>(722,510)</b>	<b>(140,354)</b>	<b>582,156</b>		
<b>FUNDING FROM</b>							
Transfer from Reserves	76,379	507,588	0	0	0		
Estimated Opening Surplus at 1 July	754,796	1,648,384	1,648,384	1,578,054	(70,330)	(4.27%)	
Amount Raised from General Rates	3,562,267	3,618,573	0	3,617,155	3,617,155		▲
	<b>4,393,442</b>	<b>5,774,545</b>	<b>1,648,384</b>	<b>5,195,209</b>	<b>3,546,825</b>		
<b>NET SURPLUS/(DEFICIT)</b>	<b>1,736,451</b>	<b>0</b>	<b>925,875</b>	<b>5,054,855</b>	<b>4,128,980</b>		

<b>NOTE - VARIANCES EXPLAINED</b>		
	<b>\$ VARIANCE</b>	<b>% VARIANCE</b>
<b>REVENUE</b>		
<b>General Purpose Funding</b>		
Rates income higher than anticipated for Reporting Period	60,152	34.80%
<b>Governance</b>		
Minor Reimbursements less than expected for Reporting Period	(30)	(100.00%)
<b>Law Order &amp; Public Safety -</b>		
Reimbursement from SES for Insurances paid	3,372	3746.19%
<b>Health</b>		
Health Act Business Application fee	140	
<b>Education &amp; Welfare</b>		
Education Dept Mowing contract reimbursed Annually, not Monthly as anticipated for Reporting Period	(1,856)	(100.00%)
<b>Housing</b>		
Dept Housing rental less than anticipated for Reporting Period	(898)	(6.90%)
<b>Community Amenities</b>		
Refuse and Waste Avoidance Rating earlier than anticipated	259,004	8989.81%
<b>Recreation &amp; Culture</b>		
MCS Rental allocation - no monetary impact	1,074	429.80%
<b>Transport</b>		
No WANDRA income as anticipated for Reporting Period	(876,291)	(91.28%)
<b>Economic Service</b>		
Building Applications higher than anticipated for Reporting Period	604	129.45%
<b>Other Property and Services</b>		
LGIS Dividend not anticipated	6,001	24.64%
<b>EXPENDITURE</b>		
	<b>\$ VARIANCE</b>	<b>% VARIANCE</b>
<b>General Purpose funding</b>		
Admin & finance allocations less than anticipated for reporting Period	6,615	28.27%
<b>Governance</b>		
Valuation costs less than anticipated for reporting Period	62,732	36.04%
<b>Law Order &amp; Public Safety -</b>		
Depreciation not applied till Audit	25,083	35.83%
<b>Health</b>		
EHO Contractor fees higher than anticipated	(2,584)	(6.60%)
<b>Education &amp; Welfare</b>		
Education Dept mowing costs less than anticipated	5,019	72.81%
<b>Housing</b>		
Depreciation not applied till Audit	6,833	69.59%
<b>Community Amenities</b>		
Depreciation not applied till Audit	27,697	32.29%
<b>Recreation &amp; Culture</b>		
Depreciation not applied till Audit	125,745	47.75%
<b>Transport</b>		
Depreciation not applied till Audit - WANDRRA Flood damage works not commenced as anticipated	1,281,610	84.93%
<b>Economic Service</b>		
Building Surveyor Contractor costs higher than anticipated	(2,379)	(13.37%)
<b>Other Property &amp; Services</b>		
Workers Compensation claims not anticipated for Reporting Period	(8,384)	(7.94%)

<b>NOTE - VARIANCES EXPLAINED</b>		
	<b>\$ VARIANCE</b>	<b>% VARIANCE</b>
<b>CAPITAL EXPENDITURE</b>		
<b><u>Furniture &amp; Equipment</u></b>		
<b>Furniture &amp; Equipment Council Chambers</b>	(2,386)	
Costs incurred earlier than anticipated		
<b>Health Computer Equip &amp; Software</b>	(200)	
Surgery Server accessed for Replacement		
<b>Swimming Pool Furniture &amp; Equipment</b>	0	
items not yet purchased		
<b>Total (Over)/Under Budget</b>	<b>(2,586)</b>	
<b><u>Land &amp; Buildings</u></b>		
<b>25 McDonald St Building Capital Expenses</b>	0	
Project not yet commenced	0	
<b>4 Grocock Street Renewals</b>		
Project not yet commenced		
<b>Purchase of Land</b>	(3,909)	
Costs incurred earlier than anticipated		
<b>Land Development</b>	(16,289)	
Costs incurred earlier than anticipated		
<b>Swimming Pool Construction</b>	(1,218)	
Depot staff commenced work on drainage		
<b>Yougenup Community Centre</b>	0	
Project not yet commenced		
<b>Gnp Town Hall Capital</b>	0	
Project not yet commenced		
<b>Old Swimming Pool Redevelopment</b>	(306)	
Electrical works incurred earlier than anticipated		
<b>Gnowangerup Bowling Club Capital</b>	0	
Project not yet commenced		
<b>Gnowangerup Sporting Complex</b>	0	
Project not yet commenced		
<b>Ongerup Works Depot Capital</b>	0	
Project not yet commenced		
<b>Administration Centre Building Capital</b>	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b>(21,723)</b>	
<b><u>Plant &amp; Equipment</u></b>		
<b>Purchase Tip Truck GN.0038</b>	0	
items not yet purchased		
<b>Minor Plant Purchases</b>	0	
items not yet purchased		
<b>Purchase of Utility (GN.0036)</b>	0	
items not yet purchased		
<b>Purchase of Utility (GN.0051)</b>	0	
items not yet purchased		
<b>Purchase Skid Steer Loader</b>	0	
items not yet purchased		
<b>Purchase Trailer for SSL Attachments</b>	0	
items not yet purchased		
<b>Total (Over)/Under Budget</b>	<b>0</b>	

<b>NOTE - VARIANCES EXPLAINED</b>		
	<b>\$ VARIANCE</b>	<b>% VARIANCE</b>
<b>CAPITAL EXPENDITURE</b>		
<b><u>Road Construction</u></b>		
<b>Roads To Recovery Projects</b>	(1,460)	
Road signage purchased		
<b>Regional Road Group Projects</b>	0	
Project not yet commenced		
<b>Road Reseals</b>	0	
Project not yet commenced		
<b>Council Road Program</b>	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b>0</b>	
<b>CAPITAL EXPENDITURE</b>		
<b><u>Footpath Construction</u></b>		
Footpath Construction/Renewal	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b>0</b>	
<b><u>Airport Infrastructure</u></b>		
<b>Airstrip Capital Improvements</b>	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b>0</b>	
<b><u>Drainage Infrastructure</u></b>		
Drainage Renewals	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b>0</b>	
<b><u>Sewerage Infrastructure</u></b>		
<b>Ongerup Waste Water Ponds</b>	2,310	
Project not yet commenced as anticipated		
<b><u>Parks &amp; Ovals Infrastructure</u></b>		
Community Park Capital	0	
Project not yet commenced		
<b><u>Other Infrastructure</u></b>		
Street Banners & Banner Poles	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b>2,310</b>	
<b>Note: (NB) = No Budget Provision Made</b>		

**SHIRE OF GNOWANGERUP**  
**SUMMARY OF CURRENT ASSETS AND LIABILITIES**  
**FOR THE PERIOD ENDING 31 AUGUST 2017**

<b>CURRENT ASSET</b>		<b>ACTUAL 31 AUG 2017</b>	<b>ACTUAL 30 JUNE 2017</b>
91000	Municipal Fund Bank Account	\$1,313,366	\$1,152,611
91003	Gnp Office Till Float	\$200	\$200
91004	Gnp Office Petty Cash	\$300	\$300
91005	Swimming Pool Float	\$200	\$200
91008	SWIMMING POOL VENDING MACHINE	\$142	\$142
91010	Restricted Cash - Long Service Leave Reserve	\$81,191	\$81,091
91011	Restricted Cash - Plant Reserve	\$735,311	\$734,406
91014	Restricted Cash - Ongerup Effluent Line Reserve	\$88,638	\$88,529
91017	Restricted Cash - Area Promotion Reserve	\$29,041	\$29,005
91023	Restricted Cash - Swimming Pool Upgrade Reserve	\$92,382	\$92,268
91025	Restricted Cash - Land Development Reserve	\$609,446	\$608,696
91027	Restricted Cash - Computer Replacement Reserve	\$7,667	\$7,657
91029	Restricted Cash - Waste Disposal Reserve	\$227,728	\$227,448
91031	Restricted Cash - Futures Fund Reserve	\$15,606	\$15,587
91034	RESTRICTED CASH - LIQUID WASTE FACILITY	\$11,704	\$11,690
91070	Restricted Cash - Kidz Sports Grant	\$0	\$4,884
91072	Restricted Cash - ICCWA Stay on Your Feet Grant	\$476	\$476
91077	RESTRICTED CASH - STATE EMERGENCY SERVICES GRANT	\$1,077	\$6,327
91078	RESTRICTED CASH - BUSH FIRE SERVICES GRANT	\$0	\$11,008
91079	RESTRICTED CASH - CLGF YOUTH DEV SCHOLAR	\$1,514	\$1,514
91100	Rates Debtor - Rates	\$3,346,887	\$111,446
91101	Rates Debtor - Specified Area Rates	\$69,590	\$6,322
91102	Rates Debtor - Rubbish Collection	\$40,744	\$9,422
91103	Rates Debtor - Health Act Rate	\$127,041	\$17,951
91104	Rates Debtor - Legal Charges	\$5,102	\$5,408
91105	Rates Debtor - Interest/Admin Charges	\$15,848	\$15,143
91106	Rates Debtor - ESL	\$60,016	\$4,170
91108	Rates Debtor - Recycling Charges	\$32,885	\$6,844
91110	Sundry Debtors Control	\$462,566	\$873,295
91111	Pensioner Rebate Claims - General Rates	\$10,091	\$1,358
91112	Pensioner Rebate Claims - ESL Levy	\$746	\$108
91120	GST Receivable	\$64	\$64
91130	Accrued Interest on SSL's	\$492	\$492
91140	Self Supporting Loans (Current)	\$26,352	\$26,352
55032	Fuel & Oils Purchased	\$33,876	\$144,636
55042	Less Fuel & Oils Allocated	(\$18,657)	(\$143,945)
91200	Stock On Hand - Fuel & Oils	\$21,203	\$20,511
91201	Stock On Hand - Materials	\$0	\$0
		<b>7,450,834</b>	<b>4,173,617</b>
<b>LESS CURRENT LIABILITIES</b>			
93000	Sundry Creditors Control	(\$105,627)	(\$191,978)
93001	ESL Payable	(\$43,742)	\$3,009
93002	Accrued Expenses	(\$4,100)	\$4,708
93010	Accrued Interest On Loans	(\$7,893)	(\$7,893)
93020	Accrued Salaries & Wages	\$0	(\$11,683)
	Net Gst Payable/Receivable	\$0	\$0
93030	Rate Payments Received In Advance	(\$1,994)	(\$3,042)
93110	Loan Liability (Current)	(\$113,793)	(\$113,793)
93200	Provision For Annual Leave (Current)	(\$158,072)	(\$158,072)
93210	Provision For Long Service Leave (Current)	(\$104,857)	(\$104,857)
93220	Provision for Sick Leave Bonus (Current)	(\$44,628)	(\$44,628)
xxxx1	suspense - police licensing		\$0
		<b>-584,707</b>	<b>-628,230</b>
<b>SUB-TOTAL</b>		<b>6,866,128</b>	<b>3,545,387</b>
<b>LESS: Exclusions</b>		-	-
95100	Reserves Accumulated Surplus	(\$1,898,714)	(\$1,896,378)
	ADD Loan Liability	\$113,793	\$113,793
	Less Self Supporting Loan Repayments	(\$26,352)	(\$26,352)
		\$0	\$0
	Rounding	\$0	\$0
<b>SURPLUS OF CURRENT ASSETS OVER CURRENT LIABILITIES</b>		<b>\$ 5,054,855</b>	<b>\$ 1,736,451</b>

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**16.3 SEPTEMBER 2017 MONTHLY FINANCIAL REPORT**

**Location:** Shire of Gnowangerup  
**Proponent:** N/A  
**File Ref:** ADM0451  
**Date of Report:** 17<sup>th</sup> October 2017  
**Business Unit:** Finance  
**Officer:** Darren Long - Finance Consultant  
Carol Shaddick - Senior Finance Officer  
**Disclosure of Interest:** NIL

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**Attachments**

- Monthly Financial Statements for period 30 September 2017 including;
  - Statement of Financial Activity to 30 September 2017;
  - Report on Material Differences;
  - Comprehensive Income by Program and Nature & Type;
  - Statement of Financial Position;
  - Statement of Cash Flows; and
  - Current Assets and Liabilities.

**Summary**

Adoption of the September 2017 Monthly Financial Report.

**Comments**

Presented to Council is the Financial Statement to 30 September 2017 subject to change as a result of end of year procedures and audit process.

**Consultation**

Nil

**Statutory Environment**

Local Government Financial Regulations (1996) 22, 32 and 43 apply.

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

Nil

**Voting Requirements**

Simple Majority

**COUNCIL RESOLUTION**

**Moved: Cr R House**

**Seconded: Cr B Moore**

**1017.121      That the September 2017 Monthly Financial Report be received and noted**

**UNANIMOUSLY CARRIED: 9/0**



**SHIRE OF GNOWANGERUP**

# **MONTHLY FINANCIAL REPORT**

**30 SEPTEMBER 2017**



**SHIRE OF GNOWANGERUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDING 30 SEPTEMBER 2017**

	NOTES	2017-18 ANNUAL BUDGET	2017-18 JULY - SEPT BUDGET	2017-18 YTD ACTUAL
<b>EXPENDITURE (Excluding Finance Costs)</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
General Purpose Funding		(147,372)	(37,648)	(26,184)
Governance		(988,233)	(283,536)	(148,907)
Law, Order, Public Safety		(311,336)	(86,960)	(50,543)
Health		(233,540)	(52,969)	(59,205)
Education and Welfare		(22,709)	(8,852)	(3,461)
Housing		(48,629)	(12,325)	(4,068)
Community Amenities		(511,465)	(114,799)	(88,133)
Recreation and Culture		(1,390,887)	(357,007)	(208,041)
Transport		(9,760,863)	(2,668,088)	(378,751)
Economic Services		(140,955)	(28,534)	(21,641)
Other Property and Services		(132,646)	(113,823)	(108,640)
		(13,688,636)	(3,764,542)	(1,097,574)
<b>REVENUE</b>				
General Purpose Funding		4,447,987	245,023	3,867,524
Governance		2,100	100	0
Law, Order, Public Safety		53,393	1,035	3,809
Health		300	0	140
Education and Welfare		11,400	2,804	0
Housing		72,280	19,516	18,269
Community Amenities		284,192	253,687	265,715
Recreation and Culture		22,955	327	3,104
Transport		6,144,100	1,582,762	83,729
Economic Services		10,932	710	1,373
Other Property & Services		108,330	30,019	43,741
		11,157,969	2,135,982	4,287,404
<i>Increase(Decrease)</i>		(2,530,667)	(1,628,560)	3,189,829
<b>FINANCE COSTS</b>				
General Purpose Funding		0		0
Housing		(16,874)	0	0
Community Amenities		(1,078)	0	0
Recreation & Culture		(29,319)	(84)	0
Total Finance Costs		(47,271)	(84)	0
<b>NON-OPERATING REVENUE</b>				
General Purpose Funding		0	0	0
Law, Order & Public Safety		0		0
Recreation & Culture		32,000	0	0
Transport		653,135	0	1,077
Economic Services		0	0	0
Total Non-Operating Revenue		685,135	0	1,077
<b>PROFIT/(LOSS) ON SALE OF ASSETS</b>				
Law, Order & Public Safety		0	0	0
Other Property & Services Profit		0	0	0
Other Property & Services Loss		0	0	0
Total Profit/(Loss)		0	0	0
<b>NET RESULT</b>		(1,892,803)	(1,628,644)	3,190,906
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets		0	0	0
Total Abnormal Items		0	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(1,892,803)</b>	<b>(1,628,644)</b>	<b>3,190,906</b>

**SHIRE OF GNOWANGERUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE/TYPE**  
**FOR THE PERIOD ENDING 30 SEPTEMBER 2017**

	<b>2017-18 BUDGET</b>	<b>2017-18 ACTUAL</b>
<b>Expenses</b>		
Employee Costs	(2,276,669)	(550,797)
Materials and Contracts	(8,182,912)	(358,940)
Utility Charges	(169,080)	(33,299)
Depreciation on Non-Current Assets	(2,480,475)	0
Interest Expenses	(52,271)	0
Insurance Expenses	(220,083)	(110,006)
Other Expenditure	(354,416)	(44,533)
	<b>(13,735,907)</b>	<b>(1,097,574)</b>
<b>Revenue</b>		
Rates	3,857,492	3,857,603
Operating Grants, Subsidies and Contributions	6,886,372	240,614
Fees and Charges	289,583	106,517
Service Charges	0	0
Interest Earnings	68,500	20,624
Other Revenue	56,022	62,045
	<b>11,157,969</b>	<b>4,287,404</b>
	<b>(2,577,938)</b>	<b>3,189,829</b>
Non-Operating Grants, Subsidies & Contributions	685,135	1,077
Fair Value Adjustments to financial assets at fair value through profit/loss	0	0
Profit on Asset Disposals	0	0
Loss on Asset Disposals	0	0
	<b>685,135</b>	<b>1,077</b>
<b>Net Result</b>	<b>(1,892,803)</b>	<b>3,190,906</b>
<b>Other Comprehensive Income</b>		
Changes on revaluation of non-current assets	0	0
<b>Total Other Comprehensive Income</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(1,892,803)</b>	<b>3,190,906</b>

**SHIRE OF GNOWANGERUP**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDING 30 SEPTEMBER 2017**

	Note	2016-17 ACTUAL \$	2017-18 ACTUAL \$	Variance \$
<b>Current assets</b>				
Unrestricted Cash & Cash Equivalents		1,153,453	3,945,351	2,791,898
Restricted Cash & Cash Equivalents		1,920,586	1,902,098	-18,488
Trade and other receivables		1,078,375	1,305,089	226,714
Inventories		21,203	29,149	7,946
Other assets		0	0	0
<b>Total current assets</b>		<b>4,173,617</b>	<b>7,181,687</b>	<b>3,008,070</b>
<b>Non-current assets</b>				
Trade and other receivables		235,287	235,355	68
LG House Unit Trust		6,186	6,186	0
Property, infrastructure, plant and equipment		32,154,352	30,611,245	-1,543,107
Infrastructure Assets		124,459,581	127,089,044	2,629,463
<b>Total non-current assets</b>		<b>156,855,406</b>	<b>157,941,830</b>	<b>1,086,424</b>
<b>Total assets</b>		<b>161,029,023</b>	<b>165,123,517</b>	<b>4,094,494</b>
<b>Current liabilities</b>				
Trade and other payables		206,879	197,727	9,152
Interest-bearing loans and borrowings		113,793	113,793	0
Provisions		307,558	316,538	-8,980
<b>Total current liabilities</b>		<b>628,230</b>	<b>628,058</b>	<b>172</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings		962,704	962,704	0
Provisions		44,370	44,370	0
<b>Total non-current liabilities</b>		<b>1,007,074</b>	<b>1,007,074</b>	<b>0</b>
<b>Total liabilities</b>		<b>1,635,304</b>	<b>1,635,132</b>	<b>172</b>
<b>Net assets</b>		<b>159,393,719</b>	<b>163,488,385</b>	<b>4,094,666</b>
<b>Equity</b>				
Retained surplus		42,380,230	43,351,710	971,480
Net Result		1,150,069	3,190,906	2,040,837
Reserve - asset revaluation		113,967,043	115,046,738	1,079,695
Reserve - Cash backed		1,896,377	1,899,031	2,654
<b>Total equity</b>		<b>159,393,719</b>	<b>163,488,385</b>	<b>4,094,666</b>

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

**SHIRE OF GNOWANGERUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDING 30 SEPTEMBER 2017**

	Note	2016-17 ACTUAL \$	2017-18 BUDGET \$	2017-18 ACTUAL \$
<b>Cash Flows from operating activities</b>				
<b>Payments</b>				
Employee Costs		(2,060,459)	(2,228,555)	(562,480)
Materials & Contracts		(3,249,331)	(8,333,083)	(399,868)
Utilities (gas, electricity, water, etc)		(142,256)	(169,080)	(33,299)
Insurance		(158,494)	(220,083)	(110,006)
Interest Expense		(65,472)	(52,271)	0
Goods and Services Tax Paid		(52,830)	(55,171)	(300,000)
Other Expenses		(213,746)	(354,417)	(44,533)
		<b>(5,942,588)</b>	<b>(11,412,660)</b>	<b>(1,450,186)</b>
<b>Receipts</b>				
Rates		3,685,949	3,826,158	3,509,878
Operating Grants & Subsidies		1,763,186	1,538,103	240,614
Contributions, Reimbursements & Donations		0	0	0
Fees and Charges		210,559	289,583	97,239
Interest Earnings		110,318	68,500	20,624
Goods and Services Tax		0	53,132	298,779
Other		2,160,591	6,079,291	62,045
		<b>7,930,602</b>	<b>11,854,767</b>	<b>4,229,180</b>
<b>Net Cash flows from Operating Activities</b>		<b>1,988,014</b>	<b>442,107</b>	<b>2,778,994</b>
<b>Cash flows from investing activities</b>				
<b>Payments</b>				
Purchase of Land		(25,212)	(427,588)	(21,331)
Purchase of Buildings		(393,296)	(121,951)	(5,192)
Purchase Plant and Equipment		(342,252)	(358,000)	(4,203)
Purchase Furniture and Equipment		(47,326)	(30,900)	(14,995)
Purchase Road Infrastructure Assets		(1,580,537)	(1,217,635)	(1,460)
Purchase of Footpath Assets		(2,875)	(5,000)	0
Purchase Aerodrome Assets		0	(5,000)	0
Purchase Drainage Assets		(4,203)	(5,000)	4,203
Purchase Sewerage Assets		(143,702)	(100,000)	(46)
Purchase Parks & Ovals Assets		0	(5,900)	0
Purchase Solid Waste Assets		0	0	0
Purchase Other Infrastructure Assets		0	(3,000)	
<b>Receipts</b>		<b>(28,761)</b>		
Proceeds from Sale of Assets		147,227	142,000	36,364
Non-Operating grants used for Development of Assets		1,258,389	685,135	1,077
		<b>(1,162,549)</b>	<b>(1,452,839)</b>	<b>(5,584)</b>
<b>Cash flows from financing activities</b>				
Repayment of Debentures		(234,924)	(163,109)	0
Advances to Community Groups		0	0	0
Revenue from Self Supporting Loans		78,622	26,352	0
Proceeds from New Debentures		0	0	0
<b>Net cash flows from financing activities</b>		<b>(156,302)</b>	<b>(136,757)</b>	<b>0</b>
<b>Net increase/(decrease) in cash held</b>		<b>669,163</b>	<b>(1,147,489)</b>	<b>2,773,410</b>
<b>Cash at the Beginning of Reporting Period</b>		<b>2,404,876</b>	<b>3,074,039</b>	<b>3,074,039</b>
<b>Cash at the End of Reporting Period</b>		<b>3,074,039</b>	<b>1,926,551</b>	<b>5,847,449</b>

**SHIRE OF GNOWANGERUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDING 30 SEPTEMBER 2017**

**Notes**

	2016-17 ACTUAL \$	2017-18 BUDGET \$	2017-18 ACTUAL \$
<b>RECONCILIATION OF CASH</b>			
Cash at Bank - Unrestricted	3,073,459	1,925,709	3,944,509
Cash at Bank - Restricted			1,902,098
Cash on Hand	580	842	842
<b>TOTAL CASH</b>	<b>3,074,039</b>	<b>1,926,551</b>	<b>5,847,449</b>
<b>RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO OPERATING RESULT</b>			
Net Result (As per Comprehensive Income Statement)	1,150,069	(1,892,803)	3,190,906
Add back Depreciation	2,461,460	2,480,475	0
(Gain)/Loss on Disposal of Assets	67,171	-	0
Self Supporting Loan Principal Reimbursements	-	-	0
Contributions for the Development of Assets	(1,258,389)	(685,135)	(1,077)
Changes in Assets and Liabilities			
(Increase)/Decrease in Inventory	(692)	0	(7,946)
(Increase)/Decrease in Receivables	(462,161)	718,132	(376,371)
Increase/(Decrease) in Accounts Payable	(15,510)	(226,675)	(26,519)
Increase/(Decrease) in Prepayments	-	0	0
Increase/(Decrease) in Employee Provisions	46,067	48,114	0
Increase/(Decrease) in Accrued Expenses	-	0	0
Rounding	-	0	0
<b>NET CASH FROM/(USED) IN OPERATING ACTIVITIES</b>	<b>1,988,014</b>	<b>\$442,107</b>	<b>2,778,994</b>

**SHIRE OF GNOWANGERUP**  
**FINANCIAL ACTIVITY STATEMENT**  
**FOR THE PERIOD ENDING 30 SEPTEMBER 2017**

	2016-17	2017-18	2017-18	2017-18	MATERIAL	MATERIAL	VAR
	ACTUAL	ANNUAL BUDGET	JULY- SEPT BUDGET (a)	JULY- SEPT ACTUAL (b)	VARIANCES (b)-(a) \$	VARIANCES (b)-(a)/(a) %	
<b>OPERATING REVENUE</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>			
General Purpose Funding	2,064,455	829,414	245,023	250,369	5,346	2.18%	
Governance	5,964	2,100	100	0	(100)	(100.00%)	
Law, Order Public Safety	85,735	53,393	1,035	3,809	2,774	268.05%	
Health	297	300	0	140	140		
Education and Welfare	14,219	11,400	2,804	0	(2,804)	(100.00%)	
Housing	75,293	72,280	19,516	18,269	(1,247)	(6.39%)	
Community Amenities	282,639	284,192	253,687	265,715	12,028	4.74%	
Recreation and Culture	73,102	22,955	327	3,104	2,778	849.48%	
Transport	2,013,434	6,144,100	1,582,762	83,729	(1,499,033)	(94.71%)	▼
Economic Services	17,373	10,932	710	1,373	663	93.46%	
Other Property and Services	206,160	108,330	30,019	43,741	13,722	45.71%	▲
<b>LESS OPERATING EXPENDITURE</b>	<b>4,838,670</b>	<b>7,539,396</b>	<b>2,135,982</b>	<b>670,249</b>	<b>(1,465,733)</b>		
General Purpose Funding	(82,805)	(147,372)	(37,648)	(26,184)	11,463	30.45%	▲
Governance	(681,545)	(988,233)	(283,536)	(148,907)	134,629	47.48%	▲
Law, Order, Public Safety	(300,725)	(311,336)	(86,960)	(50,543)	36,417	41.88%	▲
Health	(221,466)	(233,540)	(52,969)	(59,205)	(6,235)	(11.77%)	
Education and Welfare	(21,222)	(22,709)	(8,852)	(3,461)	5,391	60.90%	
Housing	(75,231)	(65,503)	(12,325)	(4,068)	8,256	66.99%	
Community Amenities	(384,073)	(512,543)	(114,799)	(88,133)	26,666	23.23%	▲
Recreation and Culture	(1,300,450)	(1,420,206)	(357,007)	(208,041)	148,965	41.73%	▲
Transport	(4,847,178)	(9,760,863)	(2,668,088)	(378,751)	2,289,337	85.80%	▲
Economic Services	(55,577)	(140,955)	(28,534)	(21,641)	6,893	24.16%	
Other Property & Services	(538,986)	(132,646)	(113,823)	(108,640)	5,184	4.55%	
	<b>(8,509,258)</b>	<b>(13,735,907)</b>	<b>(3,764,542)</b>	<b>(1,097,574)</b>	<b>2,666,967</b>		
<i>Increase/(Decrease)</i>	<b>(3,670,587)</b>	<b>(6,196,511)</b>	<b>(1,628,560)</b>	<b>(427,325)</b>	<b>1,201,234</b>		
<b>ADD</b>							
Movement in Employee Benefits (Non-current)	(739)	47,144	0	0	0		
Movement in Deferred Pensioners (Non-current)	(12,532)	0	0	0	0		
(Profit)/ Loss on the disposal of assets	67,171	0	0	0	0		
Depreciation Written Back	2,461,460	2,480,475	619,871	0	(619,871)	(100.00%)	▼
	<b>2,515,359</b>	<b>2,527,619</b>	<b>619,871</b>	<b>0</b>	<b>(619,871)</b>		
<i>Sub Total</i>	<b>(1,155,228)</b>	<b>(3,668,892)</b>	<b>(1,008,689)</b>	<b>(427,325)</b>	<b>581,363</b>		
<b>LESS CAPITAL PROGRAMME</b>							
Purchase of Land	(25,212)	0	0	(21,331)	(21,331)		▼
Purchase Buildings	(393,296)	(549,539)	(26,632)	(5,192)	21,440	80.50%	▲
Infrastructure Assets - Roads	(1,580,537)	(1,217,635)	(201,304)	(1,460)	199,844	99.27%	▲
Infrastructure Assets - Footpaths	(2,875)	(5,000)	0	0	0		
Infrastructure Assets - Aerodromes	0	(5,000)	0	0	0		
Infrastructure Assets - Drainage	(4,203)	(5,000)	0	0	0		
Infrastructure Assets - Sewerage	(143,702)	(100,000)	(2,310)	(47)	2,264	97.99%	
Infrastructure Assets - Parks & Ovals	0	(5,900)	0	0	0		
Infrastructure Assets - Solid Waste	(28,761)	0	0	0	0		
Infrastructure Assets - Other	0	(3,000)	0	0	0		
Purchase Plant and Equipment	(342,252)	(358,000)	0	0	0		
Purchase Furniture and Equipment	(47,326)	(30,900)	(3,500)	(14,995)	(11,495)	(328.42%)	▼
Proceeds from Sale of Assets	147,227	142,000	0	36,364	36,364		▲
Contributions for the Development of Assets	1,258,389	685,135	30,400	1,077	(29,323)	96.46%	
Repayment of Debt - Loan Principal	(234,924)	(163,109)	0	0	0		
Self Supporting Loan Principal Income	78,622	26,352	0	0	0		
Transfer to Reserves	(182,912)	(516,057)	(6,747)	(2,653)	4,094	60.68%	
	<b>(1,501,763)</b>	<b>(2,105,653)</b>	<b>(210,094)</b>	<b>(8,237)</b>	<b>201,857</b>		
Plus Rounding							
<i>Sub Total</i>	<b>(2,656,991)</b>	<b>(5,774,545)</b>	<b>(1,218,783)</b>	<b>(435,562)</b>	<b>783,220</b>		
<b>FUNDING FROM</b>							
Transfer from Reserves	76,379	507,588	0	0	0		
Estimated Opening Surplus at 1 July	754,796	1,648,384	1,648,384	1,560,447	(87,937)	(5.33%)	
Amount Raised from General Rates	3,562,267	3,618,573	0	3,617,155	3,617,155		▲
	<b>4,393,442</b>	<b>5,774,545</b>	<b>1,648,384</b>	<b>5,177,602</b>	<b>3,529,218</b>		
<b>NET SURPLUS/(DEFICIT)</b>	<b>1,736,451</b>	<b>0</b>	<b>429,602</b>	<b>4,742,039</b>	<b>4,312,437</b>		

<b>NOTE - VARIANCES EXPLAINED</b>		
	<b>\$ VARIANCE</b>	<b>% VARIANCE</b>
<b>REVENUE</b>		
<b>General Purpose Funding</b>		
Variance less than 10%	5,346	2.18%
<b>Governance</b>		
Minor Reimbursements less than expected for Reporting Period	(100)	(100.00%)
<b>Law Order &amp; Public Safety -</b>		
Reimbursement from SES for Insurances paid	2,774	268.05%
<b>Health</b>		
Health Act Business Application fee	140	
<b>Education &amp; Welfare</b>		
Education Dept Mowing contract reimbursed Annually, not Monthly as anticipated for Reporting Period	(2,804)	(100.00%)
<b>Housing</b>		
Variance less than 10%	(1,247)	(6.39%)
<b>Community Amenities</b>		
Variance less than 10%	12,028	4.74%
<b>Recreation &amp; Culture</b>		
Kidsport Grant \$1000 and MCS Rental allocation - non monetary impact	2,778	849.48%
<b>Transport</b>		
No WANDRRA income as anticipated for Reporting Period	(1,499,033)	(94.71%)
<b>Economic Service</b>		
Building Applications higher than anticipated for Reporting Period	663	93.46%
<b>Other Property and Services</b>		
Reimbursement of Workers Compensation Claims not anticipated	13,722	45.71%
<b>EXPENDITURE</b>		
	<b>\$ VARIANCE</b>	<b>% VARIANCE</b>
<b>General Purpose funding</b>		
Admin & finance allocations less than anticipated for reporting Period	11,463	30.45%
<b>Governance</b>		
Strategy 7 Governance costs less than anticipated - non monetary impact	134,629	47.48%
<b>Law Order &amp; Public Safety -</b>		
Depreciation not applied till Audit completed	36,417	41.88%
<b>Health</b>		
EHO Contractor fees higher than anticipated	(6,235)	(11.77%)
<b>Education &amp; Welfare</b>		
Education Dept mowing costs less than anticipated	5,391	60.90%
<b>Housing</b>		
Depreciation not applied till Audit completed	8,256	66.99%
<b>Community Amenities</b>		
Depreciation not applied till Audit completed	26,666	23.23%
<b>Recreation &amp; Culture</b>		
Depreciation not applied till Audit completed	148,965	41.73%
<b>Transport</b>		
Depreciation not applied till Audit - WANDRRA Flood damage works not commenced as anticipated due to weather conditions	2,289,337	85.80%
<b>Economic Service</b>		
Building Surveyor Contractor costs higher than anticipated	6,893	24.16%
<b>Other Property &amp; Services</b>		
Variance less than 10%	5,184	4.55%

<b>NOTE - VARIANCES EXPLAINED</b>		
	<b>\$ VARIANCE</b>	<b>% VARIANCE</b>
<b>CAPITAL EXPENDITURE</b>		
<b><u>Furniture &amp; Equipment</u></b>		
<b>Furniture &amp; Equipment Council Chambers</b>	(2,386)	
Costs incurred earlier than anticipated		
<b>Health Computer Equip &amp; Software</b>	(12,608)	
Surgery Server Replacement commenced earlier than anticipated		
<b>Swimming Pool Furniture &amp; Equipment</b>	3,500	
items not yet purchased		
<b>Total (Over)/Under Budget</b>	<b>(11,495)</b>	<b>(328.42%)</b>
<b><u>Land &amp; Buildings</u></b>		
<b>25 McDonald St Building Capital Expenses</b>	5,132	
Project not yet commenced	0	
<b>4 Grocock Street Renewals</b>		
Project not yet commenced		
<b>Purchase of Land</b>	(3,909)	
Costs incurred earlier than anticipated for Lot 386 Grocock St and Lot 377 Cecil St freehold		
<b>Land Development</b>	(17,422)	
Costs incurred earlier than anticipated for 117 Vaux St freehold		
<b>Swimming Pool Construction</b>	(986)	
Drainage works further advanced than anticipated for reporting period		
<b>Yougenup Community Centre</b>	0	
Project not yet commenced		
<b>Gnp Town Hall Capital</b>	0	
Project not yet commenced		
<b>Old Swimming Pool Redevelopment</b>	(306)	
Electrical works incurred earlier than anticipated		
<b>Gnowangerup Bowling Club Capital</b>	0	
Project not yet commenced		
<b>Gnowangerup Sporting Complex</b>	0	
Project not yet commenced		
<b>Ongerup Works Depot Capital</b>	17,600	
Fuel tank to be installed in October		
<b>Administration Centre Building Capital</b>	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b>109</b>	<b>80.50%</b>
<b><u>Plant &amp; Equipment</u></b>		
<b>Purchase Tip Truck GN.0038</b>	0	
items not yet purchased		
<b>Minor Plant Purchases</b>	0	
items not yet purchased		
<b>Purchase of Utility (GN.0036)</b>	0	
items not yet purchased		
<b>Purchase of Utility (GN.0051)</b>	0	
items not yet purchased		
<b>Purchase Skid Steer Loader</b>	0	
items not yet purchased		
<b>Purchase Trailer for SSL Attachments</b>	0	
items not yet purchased		
<b>Total (Over)/Under Budget</b>	<b>0</b>	



<b>NOTE - VARIANCES EXPLAINED</b>		
	<b>\$ VARIANCE</b>	<b>% VARIANCE</b>
<b>CAPITAL EXPENDITURE</b>		
<b><u>Road Construction</u></b>		
<b>Roads To Recovery Projects</b>	148,595	
Projects not yet commenced as anticipated for reporting period		
<b>Regional Road Group Projects</b>	0	
<b>Road Reseals</b>	2,044	
Projects not yet commenced as anticipated for reporting period		
<b>Council Road Program</b>	49,205	
Projects not yet commenced as anticipated for reporting period		
<b>Total (Over)/Under Budget</b>	<b><u>51,249</u></b>	<b>99.27%</b>
<b>CAPITAL EXPENDITURE</b>		
<b><u>Footpath Construction</u></b>		
Footpath Construction/Renewal	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b><u>0</u></b>	
<b><u>Airport Infrastructure</u></b>		
<b>Airstrip Capital Improvements</b>	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b><u>0</u></b>	
<b><u>Drainage Infrastructure</u></b>		
Drainage Renewals	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b><u>0</u></b>	
<b><u>Sewerage Infrastructure</u></b>		
<b>Ongerup Waste Water Ponds</b>	2,264	
Project not yet commenced as anticipated for reporting period		
<b><u>Parks &amp; Ovals Infrastructure</u></b>		
Community Park Capital	0	
Project not yet commenced		
<b><u>Other Infrastructure</u></b>		
Street Banners & Banner Poles	0	
Project not yet commenced		
<b>Total (Over)/Under Budget</b>	<b><u>2,264</u></b>	
<b>Note: (NB) = No Budget Provision Made</b>		

**SHIRE OF GNOWANGERUP**  
**SUMMARY OF CURRENT ASSETS AND LIABILITIES**  
**FOR THE PERIOD ENDING 30 SEPTEMBER 2017**

<b>CURRENT ASSET</b>		<b>ACTUAL 30 SEPT 2017</b>	<b>ACTUAL 30 JUNE 2017</b>
91000	Municipal Fund Bank Account	\$3,944,509	\$1,152,611
91003	Gnp Office Till Float	\$200	\$200
91004	Gnp Office Petty Cash	\$300	\$300
91005	Swimming Pool Float	\$200	\$200
91008	SWIMMING POOL VENDING MACHINE	\$142	\$142
91010	Restricted Cash - Long Service Leave Reserve	\$81,204	\$81,091
91011	Restricted Cash - Plant Reserve	\$735,433	\$734,406
91014	Restricted Cash - Ongerup Effluent Line Reserve	\$88,653	\$88,529
91017	Restricted Cash - Area Promotion Reserve	\$29,046	\$29,005
91023	Restricted Cash - Swimming Pool Upgrade Reserve	\$92,397	\$92,268
91025	Restricted Cash - Land Development Reserve	\$609,548	\$608,696
91027	Restricted Cash - Computer Replacement Reserve	\$7,668	\$7,657
91029	Restricted Cash - Waste Disposal Reserve	\$227,766	\$227,448
91031	Restricted Cash - Futures Fund Reserve	\$15,609	\$15,587
91034	RESTRICTED CASH - LIQUID WASTE FACILITY	\$11,706	\$11,690
91070	Restricted Cash - Kidz Sports Grant	\$0	\$4,884
91072	Restricted Cash - ICCWA Stay on Your Feet Grant	\$476	\$476
91077	RESTRICTED CASH - STATE EMERGENCY SERVICES GRANT	\$1,077	\$6,327
91078	RESTRICTED CASH - BUSH FIRE SERVICES GRANT	\$0	\$11,008
91079	RESTRICTED CASH - CLGF YOUTH DEV SCHOLAR	\$1,514	\$1,514
91100	Rates Debtor - Rates	\$1,087,628	\$111,446
91101	Rates Debtor - Specified Area Rates	\$27,923	\$6,322
91102	Rates Debtor - Rubbish Collection	\$19,946	\$9,422
91103	Rates Debtor - Health Act Rate	\$51,976	\$17,951
91104	Rates Debtor - Legal Charges	\$4,616	\$5,408
91105	Rates Debtor - Interest/Admin Charges	\$15,198	\$15,143
91106	Rates Debtor - ESL	\$27,479	\$4,170
91108	Rates Debtor - Recycling Charges	\$16,122	\$6,844
91110	Sundry Debtors Control	\$8,542	\$873,295
91111	Pensioner Rebate Claims - General Rates	\$17,423	\$1,358
91112	Pensioner Rebate Claims - ESL Levy	\$1,329	\$108
91120	GST Receivable	\$64	\$64
91130	Accrued Interest on SSL's	\$492	\$492
91140	Self Supporting Loans (Current)	\$26,352	\$26,352
55032	Fuel & Oils Purchased	\$35,918	\$144,636
55042	Less Fuel & Oils Allocated	(\$27,972)	(\$143,945)
91200	Stock On Hand - Fuel & Oils	\$21,203	\$20,511
91201	Stock On Hand - Materials	\$0	\$0
		<b>7,181,687</b>	<b>4,173,617</b>
<b>LESS CURRENT LIABILITIES</b>			
93000	Sundry Creditors Control	(\$112,245)	(\$191,978)
93001	ESL Payable	(\$43,742)	\$3,009
93002	Accrued Expenses	(\$12,660)	\$4,708
93010	Accrued Interest On Loans	(\$7,893)	(\$7,893)
93020	Accrued Salaries & Wages	\$0	(\$11,683)
	Net Gst Payable/Receivable	\$0	\$0
93030	Rate Payments Received In Advance	(\$21,189)	(\$3,042)
93110	Loan Liability (Current)	(\$113,793)	(\$113,793)
93200	Provision For Annual Leave (Current)	(\$167,052)	(\$158,072)
93210	Provision For Long Service Leave (Current)	(\$104,857)	(\$104,857)
93220	Provision for Sick Leave Bonus (Current)	(\$44,628)	(\$44,628)
xxxx1	suspense - police licensing		\$0
		<b>-628,058</b>	<b>-628,230</b>
<b>SUB-TOTAL</b>		<b>6,553,629</b>	<b>3,545,387</b>
<b>LESS: Exclusions</b>		-	-
95100	Reserves Accumulated Surplus	(\$1,899,031)	(\$1,896,378)
	ADD Loan Liability	\$113,793	\$113,793
	Less Self Supporting Loan Repayments	(\$26,352)	(\$26,352)
		\$0	\$0
	Rounding	\$0	\$0
<b>SURPLUS OF CURRENT ASSETS OVER CURRENT LIABILITIES</b>		<b>\$ 4,742,039</b>	<b>\$ 1,736,451</b>

**17. CONFIDENTIAL ITEMS**

**PROCEDURAL MOTION**

**Moved: Cr L Martin**

**Seconded: Cr F Hmeljak**

**1017.122 That Council:**

**Close the meeting to members of the public to discuss items 17.1, 17.2 and 18.1 as the items are considered confidential pursuant, respectively, to Section 5.23© of the Local Government Act 1995 as the matter relates to a contract which is being entered into.**

**UNANIMOUSLY CARRIED: 9/0**

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<b>17.1</b>	<b>BITUMEN SEALING CONTRACT</b>
<b>Location:</b>	Shire of Gnowangerup
<b>Proponent:</b>	N/A
<b>File Ref:</b>	ADM417
<b>Date of Report:</b>	17 <sup>th</sup> October 2017
<b>Business Unit:</b>	Infrastructure
<b>Officer:</b>	Yvette Wheatcroft - Manager of Works
<b>Disclosure of Interest:</b>	Nil

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**1017.123      That Council:**

**Authorise the CEO to accept the quote from Fulton Hogan for the bitumen spraying contract for the 2017/18 bitumen resealing program.**

**UNANIMOUSLY CARRIED: 9/0**

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<b>17.2</b>	<b>REQUEST FOR TENDER RFT-07-2017</b>
<b>Location:</b>	Shire of Gnowangerup
<b>Proponent:</b>	N/A
<b>File Ref:</b>	ADM
<b>Date of Report:</b>	19 <sup>th</sup> October 2017
<b>Business Unit:</b>	Infrastructure
<b>Officer:</b>	Yvette Wheatcroft - Manager of Works
<b>Disclosure of Interest:</b>	Nil

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#### **COUNCIL RESOLUTION**

**Moved: Cr R House**

**Seconded: Cr L Martin**

**1017.124      That Council:**

**Award the tender for RFT-07-2017 for the supply of plant and equipment  
gravel pushing to Davis Bulldozing and Earthmoving.**

**UNANIMOUSLY CARRIED: 9/0**

**OTHER BUSINESS AND CLOSING PROCEDURES**

**18. URGENT BUSINESS INTRODUCED BY DECISION OF COUNCIL**

**PROCEDURAL MOTION**

**Moved: Cr F Gaze**

**Seconded: Cr L Martin**

**1017.125      That the urgent business of item 18.1 be considered at tonight's meeting.**

**UNANIMOUSLY CARRIED: 9/0**

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<b>18.1</b>	<b>REQUEST FOR TENDER RFT-05-2017</b>
<b>Location:</b>	Shire of Gnowangerup
<b>Proponent:</b>	N/A
<b>File Ref:</b>	ADM
<b>Date of Report:</b>	24 <sup>th</sup> October 2017
<b>Business Unit:</b>	Infrastructure
<b>Officer:</b>	Yvette Wheatcroft - Manager of Works
<b>Disclosure of Interest:</b>	Nil

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### **COUNCIL RESOLUTION**

**Moved: Cr F Gaze**

**Seconded: Cr S Hmeljak**

**1017.126            That Council:**

**Award the tender for RFT-05-2017 for Shoulder Widening Including Vegetation Clearing and Drain Widening to: Bill Gibbs Excavations.**

**UNANIMOUSLY CARRIED: 9/0**

**PROCEDURAL MOTION**

**Moved: Cr R House**

**Seconded: Cr B Moore**

**1017.127      That Council:**

**Reopen the meeting to members of the public**

**UNANIMOUSLY CARRIED: 9/0**



**19. MOTION OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil.

**20. DATE OF NEXT MEETING**

That the next Ordinary Council Meeting will be held on the 22<sup>nd</sup> November 2017.

**21. CLOSURE**

The Shire President thanked council and staff for their time and declared the meeting closed at 4.44 pm.

**RATES INCENTIVE DRAW 2017**

1 <sup>st</sup>	A490	Greg Stewart	\$600.00
2 <sup>nd</sup>	A1029	Murray Trigwell	\$100.00
3 <sup>rd</sup>	A536	Michael Johnston	\$100.00
4 <sup>th</sup>	A6200	Garry Richardson	\$100.00
5 <sup>th</sup>	A6147	Greg Hinkley	\$100.00
6 <sup>th</sup>	A845	Brian Bilney	\$100.00
7 <sup>th</sup>	A1073	John Davis	\$100.00
8 <sup>th</sup>	A474	Timothy O'Neill	\$100.00
9 <sup>th</sup>	A537	Paul O'Meehan	\$100.00
10 <sup>th</sup>	A6089	Rodney Richardson	\$100.00
11 <sup>th</sup>	A3170	Keith House	\$100.00
12 <sup>th</sup>	A928	Roderick Wellstead	\$100.00
13 <sup>th</sup>	A88	Gerald Slee	\$100.00
14 <sup>th</sup>	A1195	Wayne Pech	\$100.00
15 <sup>th</sup>	A1128	Margaret Gollan	\$100.00