

The logo for the Shire of Dardanup features a stylized, flowing line in shades of green and blue, resembling a landscape or a wave.

Shire of Dardanup

APPENDICES

ORDINARY MEETING

To Be Held

Wednesday, 16 October 2019
Commencing at 5.00pm

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

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RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Failure to implement the recommended road safety treatments
RISK THEME PROFILE: 14 - Safety and Security Practices
RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.				Not required.			
FINANCIAL IMPACT	No risk event identified for this category.				Not required.			
SERVICE INTERRUPTION	No risk event identified for this category.				Not required.			
LEGAL AND COMPLIANCE	No implementing road safety treatments identified in the road safety inspections.	Minor (2)	Unlikely (2)	Low (1 - 4)	Implement recommended road safety treatments.	Insignificant (1)	Unlikely (2)	Low (1 - 4)
REPUTATIONAL	Public news item in local media in the event of an accident.	Moderate (3)	Possible (3)	Moderate (5 - 11)	Implement recommended road safety treatments.	Insignificant (1)	Unlikely (2)	Low (1 - 4)
ENVIRONMENT	Road users impacting on local wildlife (ducks)	Insignificant (1)	Possible (3)	Low (1 - 4)	Install duck crossing signs.	Insignificant (1)	Possible (3)	Low (1 - 4)

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Increase to Authorisation of Funds Transfers – Delegations 1.2.17 and 1.2.36

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Insignificant (1)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Insignificant (1)	Possible (3)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	Increase in workload for staff in writing reports for payments that are either statutory or have already had a council resolution to agree to a contract.	Moderate (3)	Possible (3)	Moderate (5 - 11)	Amend delegation to increase authorised payment amount, so that payments can be made in a timely manner without need for council reports	Insignificant (1)	Rare (1)	Low (1 - 4)
LEGAL AND COMPLIANCE	Payments to the ATO and other government agencies are generally as a result of a legal requirement.	Moderate (3)	Likely (4)	Moderate (5 - 11)	Amend delegation to increase authorised payment amount, so that payments can be made in a timely manner in accordance with requirements.	Insignificant (1)	Rare (1)	Low (1 - 4)
REPUTATIONAL	If payments are not made on time, it can result in the shire's reputation being affected.	Moderate (3)	Likely (4)	Moderate (5 - 11)	Amend delegation to increase authorised payment amount, so that the Shire's high standard of administration can be maintained.	Insignificant (1)	Rare (1)	Low (1 - 4)
ENVIRONMENT	No risk event identified for this category.	Insignificant (1)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Budget Expenditure Request for Vehicle Purchases

RISK THEME PROFILE:

15 - Supplier and Contract Management

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Insignificant (1)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	If not supported by Council the vehicles will require increased maintenance and trade value will be reduced.	Minor (2)	Possible (3)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	If not supported by Council the vehicles will require increased maintenance and Officers may be without vehicles to perform Shire duties	Insignificant (1)	Possible (3)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Requirement to follow the Shire Procurement Policy CP034. Procurement process managed via the Procurement Officer	Insignificant (1)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	If not supported by Council the vehicles will require increased maintenance which may cause delays if Officers Providing services to the community	Minor (2)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Insignificant (1)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.



Monthly Financial Report

For the Period

1 July 2019 to 31 August 2019

TABLE OF CONTENTS

	Page
Information Summary Graphs	2
Statement of Financial Activity by Program	3
Net Current Assets	5
Statement of Comprehensive Income by Nature and Type	6
Note 1 Statement of Objective	7
Note 2 Explanation of Material Variances in the Statement of Financial Activity	8
Note 3 Trust Fund	10
Note 4 Reserve Accounts	11
Note 5 Statement of Investments	12
Note 6 Accounts Receivable - Rates and Sundry Debtors	14
Note 7 Salaries and Wages	14
Note 8 Rating Information	15
Note 9 Information on Borrowings	16
Note 10 Budget Amendments	17



Monthly Financial Report
For the Period Ended 31 August 2019

SUMMARY GRAPHS



This information is to be read in conjunction with the accompanying Financial Statements and Notes



Statement of Financial Activity by Program
For the Period Ended 31 August 2019
(Covering 2 months or 16.7% of the year)

Sch	2019/20	2019/20	2019/20	2019/20	Variance Y-T-D	Variance Y-T-D	2019/20	2018/19	
	Adopted Budget \$	Revised Budget \$	Y-T-D Revised Budget \$	Y-T-D Actual \$	Actual to Revised Budget \$	Actual to Revised Budget %	Forecast \$	Last Year Actual \$	
OPERATING ACTIVITIES									
Revenue									
General Purpose Funding	3	15,474,534	15,474,534	13,754,884	13,576,428	(178,456)	(1.3%)	15,430,285	14,868,866
Governance	4	1,550	1,550	254	4,194	3,940	1551.2%	1,550	29
Law, Order, Public Safety	5	410,591	410,591	206,429	185,860	(20,569)	(10.0%)	410,591	440,114
Health	7	20,150	20,150	3,356	11,773	8,417	250.8%	20,150	19,177
Education and Welfare	8	3,500	3,500	582	0	(582)	(100.0%)	3,500	13,657
Community Amenities	10	1,504,690	1,504,690	1,373,708	1,352,783	(20,925)	(1.5%)	1,504,690	1,398,292
Recreation and Culture	11	2,834,702	2,834,702	730,248	471,673	(258,575)	(35.4%) ▼	2,834,702	1,817,882
Transport	12	178,301	178,301	125,341	128,214	2,873	2.3%	178,301	160,748
Economic Services	13	101,580	101,580	17,920	22,601	4,681	26.1%	101,580	86,272
Other Property and Services	14	1,303,007	1,303,007	217,158	48,818	(168,340)	(77.5%) ▼	1,303,007	226,367
Total Operating Revenue		21,832,605	21,832,605	16,429,880	15,802,343	(627,537)	(3.8%)	21,788,356	19,031,404
Operating Expenses									
General Purpose Funding	3	(409,569)	(409,569)	(69,190)	(71,578)	(2,388)	(3.5%)	(409,569)	(354,842)
Governance	4	(1,282,266)	(1,282,266)	(223,474)	(207,955)	15,519	6.9%	(1,317,716)	(1,026,392)
Law, Order, Public Safety	5	(1,661,176)	(1,661,176)	(276,832)	(314,460)	(37,628)	(13.6%)	(1,657,840)	(1,476,207)
Health	7	(564,913)	(564,913)	(91,376)	(108,762)	(17,386)	(19.0%)	(563,622)	(510,333)
Education and Welfare	8	(826,305)	(826,305)	(142,676)	(152,555)	(9,879)	(6.9%)	(823,544)	(754,676)
Community Amenities	10	(2,832,799)	(2,832,799)	(417,649)	(311,146)	106,503	25.5% ▲	(2,829,321)	(2,658,642)
Recreation & Culture	11	(8,160,605)	(8,160,605)	(1,478,907)	(1,445,596)	33,311	2.3%	(8,156,290)	(7,387,859)
Transport	12	(5,802,313)	(5,802,313)	(973,110)	(1,030,136)	(57,026)	(5.9%)	(5,802,313)	(5,796,887)
Economic Services	13	(601,073)	(601,072)	(99,054)	(115,408)	(16,354)	(16.5%)	(600,460)	(524,067)
Other Property and Services	14	(263,823)	(263,824)	(150,684)	(135,411)	15,273	10.1%	(231,254)	(604,337)
Total Operating Expenditure		(22,404,841)	(22,404,841)	(3,922,952)	(3,893,006)	29,946	0.8%	(22,391,929)	(21,094,242)
Net Operating Activities		(572,236)	(572,236)	12,506,928	11,909,337	(597,591)	4.8%	(603,573)	(2,062,838)

(continued next page)



Statement of Financial Activity by Program
For the Period Ended 31 August 2019
(Covering 2 months or 16.7% of the year)

	2019/20 Adopted Budget \$	2019/20 Revised Budget \$	2019/20 Y-T-D Revised Budget \$	2019/20 Y-T-D Actual \$	Variance Y-T-D Actual to Revised Budget \$	Variance Y-T-D Actual to Revised Budget %	2019/20 Forecast \$	2018/19 Last Year Actual \$
Net Operating Activities (from previous page)	(572,236)	(572,236)	12,506,928	11,909,337	(597,591)	(4.8%)	(603,573)	(2,062,838)
ADJUSTMENTS OF NON CASH ITEMS								
(Profit)/Loss on Asset Disposals	(1,165,000)	(1,165,000)	(194,166)	0	194,166	100.0% ▲	(1,165,000)	843,625
Accruals	0	0	0	0	0	0.0%	0	(202,576)
Donated Assets Adjustments	0	0	0	0	0	0.0%	0	0
Contra Repayment of Prefunded Infrastructure	0	0	0	0	0	0.0%	0	0
Depreciation on Assets	5,242,750	5,242,750	873,782	873,792	10	0.0%	5,242,750	5,042,270
Adjusted Net Operating Activities	A 3,505,514	3,505,514	13,186,544	12,783,129	(403,415)	(3.1%)	3,474,177	3,620,481
INVESTING ACTIVITIES								
Revenue								
Non-operating grants, subsidies and contributions	3,804,088	3,804,088	634,006	529,600	(104,406)	(16.5%) ▼	3,804,088	1,874,654
Proceeds from Disposal of Assets	1,323,924	1,323,924	220,650	0	(220,650)	(100.0%) ▼	1,323,924	268,038
Total Capital Revenue	5,128,012	5,128,012	854,656	529,600	(325,056)	(38.0%)	5,128,012	2,142,692
Expenditure								
Land & Buildings	(1,148,280)	(1,156,251)	(191,364)	(39,795)	151,569	79.2% ▲	(1,156,250)	(400,830)
Infrastructure Assets - Road / Bridges / Paths	(5,405,567)	(5,421,767)	(917,054)	(118,845)	798,209	87.0% ▲	(5,421,768)	(3,734,252)
Infrastructure Assets - Parks & Gardens	(854,154)	(854,154)	(142,348)	(5,005)	137,343	96.5% ▲	(854,154)	(68,198)
Vehicles	(546,108)	(546,108)	(91,016)	0	91,016	100.0% ▲	(546,108)	(381,650)
Plant & Equipment	(26,000)	(26,000)	(4,332)	0	4,332	100.0%	(26,000)	(45,444)
Furniture & Fittings	(475,478)	(475,478)	(79,240)	(996)	78,244	98.7% ▲	(475,478)	(33,131)
Total Capital Expenditure	(8,455,587)	(8,479,758)	(1,425,354)	(164,641)	1,260,713	88.4%	(8,479,758)	(4,663,505)
Net Capital Activities	B (3,327,575)	(3,351,746)	(570,698)	364,959	935,657	163.9%	(3,351,746)	(2,520,813)
FINANCING ACTIVITIES								
Revenue								
Proceeds from New Loans	750,000	750,000	125,000	0	(125,000)	(100.0%) ▼	750,000	0
Self Supporting Loans - Principal Recoups	0	0	0	0	0	0.0%	0	32,936
Transfers from Reserves	6,036,256	6,070,427	1,011,722	0	(1,011,722)	(100.0%) ▼	6,070,427	3,969,700
Total Financing Revenue	6,786,256	6,820,427	1,136,722	0	(1,136,722)	100.0%	6,820,427	4,002,636
Expenditure								
Repayment of Loans	(279,748)	(279,748)	(46,618)	(47,503)	(885)	(1.9%)	(279,747)	(362,288)
Transfers to Reserves	(6,853,402)	(6,853,402)	(1,142,202)	(98,425)	1,043,777	91.4% ▲	(6,853,401)	(4,638,721)
Total Financing Expenditure	(7,133,150)	(7,133,150)	(1,188,820)	(145,928)	1,042,892	87.7%	(7,133,148)	(5,001,009)
Net Financing Activities	C (346,894)	(312,723)	(52,098)	(145,928)	(93,830)	(180.1%)	(312,721)	(998,372)
FUNDING SOURCES								
Surplus/(Deficit) July 1 B/Fwd	D 301,183	301,183	301,183	404,751	103,568	34.4% ▲	404,751	303,456
CLOSING FUNDS (A+B+C+D)	132,227	142,227	12,864,931	13,406,910	541,979	(4.2%)	214,461	404,751

KEY INFORMATION

▲ ▼ Indicates a variance between Year-to-Date (YTD) Revised Budget and YTD Actual data as per the adopted materiality threshold. Refer to Note 2 for an explanation of the reasons for the variance.

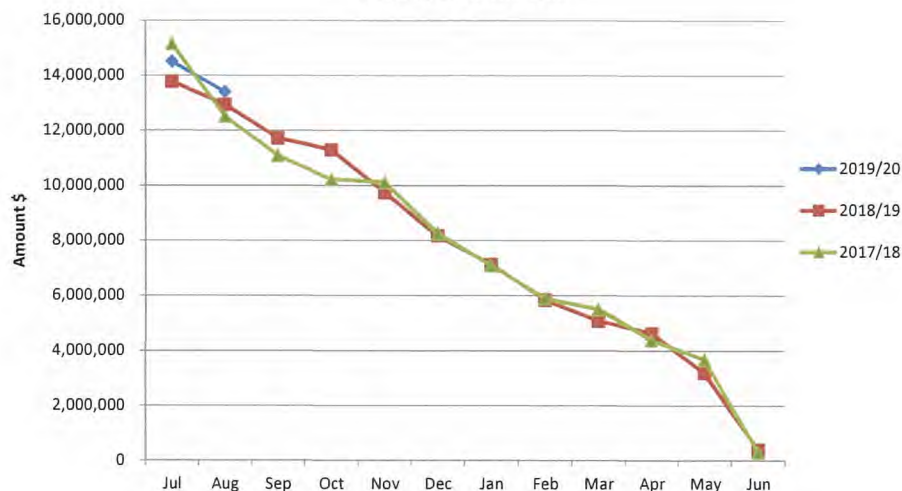
This statement to be read in conjunction with the accompanying Financial Statements and Notes



Statement of Financial Activity by Program
For the Period Ended 31 August 2019
NET CURRENT ASSETS

Note	Year to Date Actual 31-Aug-2019 \$	This Time Last Year 31-Aug-2018 \$	Last Year Closing 30 June 2019 \$
Represented By:			
CURRENT ASSETS			
Cash and Cash Equivalents	15,337,891	17,720,202	19,441,957
Rates Debtors Outstanding	12,003,255	11,663,592	311,495
Pensioner Rates Rebate	245,942	67,198	19,786
Sundry Debtors	69,472	161,412	200,555
Self Supporting Loan Asset	0	32,936	0
Accrued Revenue	42,527	53,824	151,597
Prepaid Expenses	0	0	22,734
Goods & Services Tax / BAS Refund	65,507	104,889	127,208
Other Receivables	0	2,257	0
Inventories - Materials	5,047	2,166	5,047
Inventories- Trading Stock - Recreation Centre	8,430	11,857	8,430
Current Assets	27,778,070	29,820,333	20,288,810
LESS CURRENT LIABILITIES			
Payables:			
Sundry Creditors	(0)	(28,831)	(735,312)
Other Payables	(700,187)	(464,748)	(5,069)
Municipal Bonded Liabilities	(797,260)		(825,867)
Prepaid Revenue - Rates / PPL	(53,062)	(65,829)	(565,248)
Accrued Interest on Debentures	(37,523)	(42,740)	(37,523)
Accrued Salaries & Wages	0	0	(25,165)
Other Accrued Expenses	0	0	(5,174)
Borrowings - Debentures	(232,245)	(240,719)	(279,748)
Provisions:			
Staff Leave Provisions	(1,272,698)	(1,190,807)	(1,272,697)
Current Liabilities	(3,092,976)	(2,033,673)	(3,751,803)
Net Current Assets	24,685,095	27,786,660	16,537,007
Less: Restricted Assets / Reserve Funds	4 (11,510,430)	(15,045,110)	(16,412,005)
Less: Self Supporting Loan Income	0	(32,936)	0
Add: Current - Borrowings	232,245	240,719	279,748
CLOSING FUNDS / NET CURRENT ASSETS (per previous page)	13,406,910	12,949,333	404,751

Liquidity Over The Year





Statement of Comprehensive Income by Nature or Type
For the Period Ended 31 August 2019
(Covering 2 months or 16.7% of the year)

	2019/20	2019/20	2019/20	2019/20	Variance Y-T-D	Variance Y-T-D	2019/20	2018/19
	Adopted	Revised	Y-T-D	Y-T-D	Actual to	Actual to	Forecast	Last Year
	Budget	Budget	Revised	Actual	Revised	Revised	\$	Actual
	\$	\$	Budget	\$	Budget	Budget	\$	\$
Revenue								
Rates	13,742,181	13,742,181	13,642,808	13,634,314	(8,494)	0.1%	13,680,648	13,074,516
Grants, Subsidies & Contributions	3,233,207	3,233,207	951,233	545,297	(405,936)	42.7%	3,233,207	2,202,843
Profit on Asset Disposals	1,165,000	1,165,000	194,166	0	(194,166)	0.0%	1,165,000	0
Fees and Charges	3,156,021	3,156,021	1,568,161	1,554,584	(13,577)	0.9%	3,156,021	3,106,099
Interest Earnings	507,656	507,656	73,346	68,147	(5,199)	7.1%	507,656	581,250
Other Revenue	27,540	27,540	0	0	0	0.0%	27,540	27,855
	<u>21,831,605</u>	<u>21,831,605</u>	<u>16,429,714</u>	<u>15,802,343</u>	<u>(627,371)</u>	<u>3.8%</u>	<u>21,770,072</u>	<u>18,992,563</u>
Expenses								
Employee Costs	(11,153,410)	(11,153,410)	(1,834,646)	(1,662,678)	171,968	9.4%	(11,105,047)	(9,819,873)
Materials and Contracts	(4,665,708)	(4,665,708)	(824,699)	(889,990)	(65,291)	(7.9%)	(4,701,158)	(4,064,346)
Utility Charges	(561,970)	(561,970)	(93,600)	(50,779)	42,821	45.7%	(561,970)	(551,434)
Depreciation on Non-current Assets	(5,242,750)	(5,242,750)	(873,782)	(873,792)	(10)	(0.0%)	(5,242,750)	(4,932,314)
Loss on Asset Disposals	0	1,165,000	194,166	0	(194,166)	0.0%	1,165,000	(293,079)
Interest Expense	(113,943)	(113,943)	(30,513)	(30,682)	(169)	(0.6%)	(113,943)	(127,293)
Insurance	(282,982)	(282,982)	(175,324)	(300,523)	(125,199)	(71.4%)	(282,982)	(253,207)
Other	(381,978)	(376,978)	(89,990)	(84,563)	5,427	6.0%	(364,694)	(340,248)
	<u>(22,402,742)</u>	<u>(21,232,742)</u>	<u>(3,728,388)</u>	<u>(3,893,006)</u>	<u>(164,618)</u>	<u>(4.4%)</u>	<u>(21,207,545)</u>	<u>(20,381,794)</u>
Operational Surplus / (Deficit)	(571,137)	598,863	12,701,326	11,909,337	(791,989)	6.2%	562,527	(1,389,231)
Grants & Contributions for the Development of Assets								
	3,654,807	3,804,088	634,006	529,600	(104,406)	16.5%	3,804,088	1,874,654
	<u>3,654,807</u>	<u>3,804,088</u>	<u>634,006</u>	<u>529,600</u>	<u>(104,406)</u>	<u>16.5%</u>	<u>3,804,088</u>	<u>1,874,654</u>
NET RESULT	3,083,670	4,402,951	13,335,332	12,438,937	(896,395)	6.7%	4,366,615	485,423
Other Comprehensive Income								
Changes on Revaluation of Non-Current Assets	0	0	0	0	0	0.0%	0	0
TOTAL COMPREHENSIVE INCOME	<u>3,083,670</u>	<u>4,402,951</u>	<u>13,335,332</u>	<u>12,438,937</u>	<u>(896,395)</u>	<u>6.7%</u>	<u>4,366,615</u>	<u>485,423</u>



**Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019**

1. STATEMENT OF OBJECTIVE

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this statement encompass the following service orientated activities/programs:

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

GOVERNANCE

Administration and operation of facilities and services to members of Council;
Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

LAW, ORDER, PUBLIC SAFETY

Supervision of various local-laws, fire prevention, emergency services and animal control.

HEALTH

Food quality and pest control, immunisation services and operation of infant health clinic.

EDUCATION AND WELFARE

Operation of senior citizens' centre, provision of assistance to pre-school facilities, playgroups and other voluntary services.
Provision of youth counselling services.

HOUSING

Aged person housing.

COMMUNITY AMENITIES

Rubbish collection services, operation of refuse site, administration of the town planning scheme and maintenance of cemeteries.

RECREATION AND CULTURE

Provision and maintenance of halls, recreation centres, public reserves and library services.

TRANSPORT

Construction and maintenance of streets, roads, bridges; street lighting, depot maintenance.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control, noxious weeds and vermin control.

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operations costs.



Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

2. EXPLANATION OF MATERIAL VARIANCES IN THE STATEMENT OF FINANCIAL ACTIVITY BY PROGRAM

The material variances adopted by the Shire of Dardanup for the 2019/20 year is 10% or \$50,000, whichever is the greater.
All variances are between Year-to-Date Actual and Year-to-Date Revised Budget values.

Sch	2019/20 Y-T-D Revised Budget \$	2019/20 Y-T-D Actual \$	Variance to Y-T-D Revised Budget \$	Variance to Y-T-D Revised Budget %	Timing / Permanent	Material Variance - Explanation	
OPERATING ACTIVITIES							
Revenue							
General Purpose Funding	3	13,754,884	13,576,428	(178,456)	(1.3%)		
Governance	4	254	4,194	3,940	1551.2%		
Law, Order, Public Safety	5	206,429	185,860	(20,569)	(10.0%)		
Health	7	3,356	11,773	8,417	250.8%		
Education and Welfare	8	582	0	(582)	(100.0%)		
Community Amenities	10	1,373,708	1,352,783	(20,925)	(1.5%)		
Recreation and Culture	11	730,248	471,673	(258,575)	(35.4%)	▼ Timing	Funds not yet received: \$91,000 Library management system licensing reimbursements, \$167,000 contribution to parks infrastructure to be received later in the year.
Transport	12	125,341	128,214	2,873	2.3%		
Economic Services	13	17,920	22,601	4,681	26.1%		
Other Property and Services	14	217,158	48,818	(168,340)	(77.5%)	▼ Timing	Profit on disposal of land - sale to occur later in the year.
Total Operating Revenue		16,429,880	15,802,343	(627,537)	(3.8%)		
Operating Expenses							
General Purpose Funding	3	(69,190)	(71,578)	(2,388)	(3.5%)		
Governance	4	(223,474)	(207,955)	15,519	6.9%		
Law, Order, Public Safety	5	(276,832)	(314,460)	(37,628)	(13.6%)		
Health	7	(91,376)	(108,762)	(17,386)	(19.0%)		
Education and Welfare	8	(142,676)	(152,555)	(9,879)	(6.9%)		
Community Amenities	10	(417,649)	(311,146)	106,503	25.5%	▲	Generally lower operating costs to date - \$15,000 recycling processing, \$23,000 bulk waste collection program not yet commenced, \$11,000 environmental projects, \$30,000 strategic planning consultant costs, \$11,000 public conveniences maintenance.
Recreation & Culture	11	(1,478,907)	(1,445,596)	33,311	2.3%		
Transport	12	(973,110)	(1,030,136)	(57,026)	(5.9%)		
Economic Services	13	(99,054)	(115,408)	(16,354)	(16.5%)		
Other Property and Services	14	(150,684)	(135,411)	15,273	10.1%		
Total Operating Expenditure		(3,922,952)	(3,893,006)	29,946	(0.8%)		
Net Operating Activities		12,506,928	11,909,337	(597,591)	(4.8%)		
ADJUSTMENTS OF NON CASH ITEMS							
(Profit)/Loss on Asset Disposals		(194,166)	0	194,166	100.0%	▲ Timing	Asset disposals will occur later in the year, whereas the budget is for an even spread.
Accruals		0	0	0	0.0%		
Depreciation on Assets		873,782	873,792	10	0.0%		
Adjusted Net Operating Activities		13,186,544	12,783,129	(403,415)	(3.1%)		

(continued next page)



Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

2. EXPLANATION OF MATERIAL VARIANCES IN THE STATEMENT OF FINANCIAL ACTIVITY BY PROGRAM (continued)

	2019/20 Y-T-D Revised Budget \$	2019/20 Y-T-D Actual \$	Variance to Y-T-D Revised Budget \$	Variance to Y-T-D Revised Budget %	Timing / Permanent	Material Variance - Explanation
Adjusted Net Operating Activities (from previous 	13,186,544	12,783,129	(403,415)	(3.1%)		
INVESTING ACTIVITIES						
Revenue						
Non-operating grants, subsidies and contributions	634,006	529,600	(104,406)	(16.5%)	▼ Timing	Initial instalment of grants received for regional road projects, all other infrastructure grants are staged from commencement through to completion of construction.
Proceeds from Disposal of Assets	220,650	0	(220,650)	(100.0%)	▼ Timing	Asset sales have not yet occurred.
Total Capital Revenue	854,656	529,600	(325,056)	(38.0%)		
Expenditure						
Land & Buildings	(191,364)	(39,795)	151,569	79.2%	▲ Timing	Most building projects have not yet commenced construction.
Infrastructure Assets - Road / Bridges / Paths	(917,054)	(118,845)	798,209	87.0%	▲ Timing	Most road renewal and upgrade projects are to be carried out in drier months.
Infrastructure Assets - Parks & Gardens	(142,348)	(5,005)	137,343	96.5%	▲ Timing	No significant projects have commenced at the reporting date.
Vehicles	(91,016)	0	91,016	100.0%	▲ Timing	Vehicles to be acquired later in the year.
Plant & Equipment	(4,332)	0	4,332	100.0%		
Furniture & Fittings	(79,240)	(996)	78,244	98.7%	▲ Timing	The significant budget acquisition is gymnasium equipment to be delivered in early 2020.
Total Capital Expenditure	(1,425,354)	(164,641)	1,260,713	(88.4%)		
Net Capital Activities	(570,698)	364,959	935,657	(163.9%)		
FINANCING ACTIVITIES						
Revenue						
Proceeds from New Loans	125,000	0	(125,000)	100.0%	▼ Timing	Loan to be taken out later in the year
Self Supporting Loans - Principal Reimbursement	0	0	0	0.0%		
Transfers from Reserves	1,011,722	0	(1,011,722)	(100.0%)	▼ Timing	Transfers from Reserves to occur at completion of specific projects or at year-end.
Total Financing Revenue	1,136,722	0	(1,136,722)	(100.0%)		
Expenditure						
Repayment of Loans	(46,618)	(47,503)	(885)	(1.9%)		
Donated Assets	0	0	0	0.0%		
Advance to community groups	0	0	0	0.0%		
Contra Repayment of Prefunded Infrastructure	0	0	0	0.0%		
Prefunded Infrastructure	0	0	0	0.0%		
Transfers to Reserves	(1,142,202)	(98,425)	1,043,777	91.4%	▲ Timing	Most transfers to Reserves will occur at year-end.
Total Financing Expenditure	(1,188,820)	(145,928)	1,042,892	(87.7%)		
Net Financing Activities	(52,098)	(145,928)	(93,830)	180.1%		
FUNDING SOURCES						
Surplus/(Deficit) July 1 B/Fwd	301,183	404,751	103,568	34.4%	▲ Permanent	Higher surplus 2018/19 than anticipated at the time of budget preparation
CLOSING FUNDS (A+B+C+D)	12,864,931	13,406,910	541,979	4.2%		



Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

3. TRUST FUNDS

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

NAME	BALANCE 1 JULY	RECEIPTS	INTEREST	PAYMENTS	ADJUSTMENTS (TRANSFERS)	CLOSING BALANCE
	\$	\$	\$	\$	\$	\$
Tourism WA for Ferguson Valley Project	301,800.73	0.00	0.00	0.00	0.00	301,800.73
Public Open Space	857,943.74	0.00	0.00	0.00	0.00	857,943.74
Accrued Interest	0.00	0.00	300.25	0.00	0.00	300.25
Plus: Outstanding Creditors	0.00	0.00	0.00	0.00	0.00	0.00
Less: Outstanding Debtors	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	1,159,744.47	0.00	300.25	0.00	0.00	1,160,044.72

The following bonds, deposits and retention monies were previously recorded as Trust Funds but are now classified as Restricted Municipal Fund Liabilities in accordance with a change in interpretation provided by the Office of the Auditor General on 1 July 2019. The new interpretation is that, unless legislation or legal agreements between developers/hirers and the Shire of Dardanup require bond money to be held in the Trust Fund, they should not be held in the Trust Fund. Future reports will not include this information in the Trust Fund note.

NAME	BALANCE 1 JULY	RECEIPTS	INTEREST	PAYMENTS	ADJUSTMENTS (TRANSFERS)	CLOSING BALANCE
Retention Bonds	353,443.58	0.00	1.40	26,602.45	0.00	326,842.53
Nomination Deposits	0.00	0.00	0.00	0.00	0.00	0.00
Key Bond	232.68	120.00	0.00	120.00	0.00	232.68
Kerb Bond	75,041.91	0.00	0.00	0.00	0.00	75,041.91
Extractive Industries Bond	153,159.08	0.00	0.00	0.00	0.00	153,159.08
Unclaimed Monies	1,683.92	385.00	0.00	0.00	0.00	2,068.92
Bunbury Wellington Group of Councils	37,131.81	1,858.45	0.00	3,547.95	0.00	35,442.31
Cristal	5,030.01	0.00	0.00	0.00	0.00	5,030.01
Hire Bonds	2,280.00	1,300.00	0.00	2,000.00	0.00	1,580.00
Specified Projects - Various	197,863.99	0.00	0.00	0.00	0.00	197,863.99
TOTAL	825,866.98	3,663.45	1.40	32,270.40	0.00	797,261.43



Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

4. CASH BACKED RESERVES

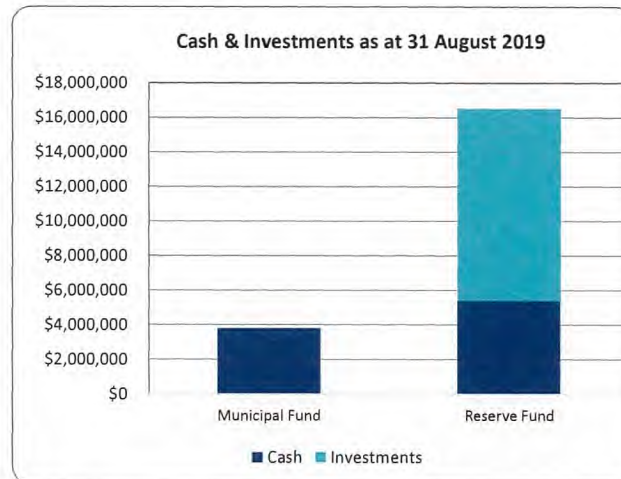
NAME	BALANCE 1 JULY	RECEIPTS	INTEREST	PAYMENTS	ADJUSTMENTS (TRANSFERS)	CLOSING BALANCE
	\$	\$	\$	\$	\$	\$
Un-Restricted						
Executive & Compliance Vehicles Reserve	364,152.78	0.00	0.00	0.00	0.00	364,152.78
Plant & Engineering Equipment Reserve	837,737.92	0.00	0.00	0.00	0.00	837,737.92
Eaton Recreation Centre - Equipment Reserve	365,346.45	0.00	0.00	0.00	0.00	365,346.45
Building Maintenance Reserve	1,620,574.64	0.00	0.00	0.00	0.00	1,620,574.64
Employee Relief Reserve	226,994.98	0.00	0.00	0.00	0.00	226,994.98
Employee Leave Entitlements Reserve	5,000.00	0.00	0.00	0.00	0.00	5,000.00
Refuse Site Environmental Works Reserve	82,960.37	0.00	0.00	0.00	0.00	82,960.37
Information Technology Reserve	406,982.52	0.00	0.00	0.00	0.00	406,982.52
Roadwork Construction & Major Maintenance Reserve	415,041.53	0.00	0.00	0.00	0.00	415,041.53
Meat Inspection Reserve	5,218.96	0.00	0.00	0.00	0.00	5,218.96
Accrued Salaries Reserve	379,359.78	0.00	0.00	0.00	0.00	379,359.78
Tourism Reserve	6,377.35	0.00	0.00	0.00	0.00	6,377.35
Recycling Education Reserve	82,334.11	0.00	0.00	0.00	0.00	82,334.11
Road Safety Programs Reserve	8,356.69	5,764.00	0.00	0.00	0.00	14,120.69
Council Land Development Reserve	20,838.59	0.00	0.00	0.00	0.00	20,838.59
Carried Forward Projects Reserve	2,968,519.73	0.00	0.00	0.00	0.00	2,968,519.73
Election Expenses Reserve	23,487.06	0.00	0.00	0.00	0.00	23,487.06
Town Planning Consultancy Reserve	91,740.47	0.00	0.00	0.00	0.00	91,740.47
Parks & Reserves Upgrades Reserve	549,702.69	0.00	0.00	0.00	0.00	549,702.69
Strategic Planning Studies Reserve	218,946.93	0.00	0.00	0.00	0.00	218,946.93
Pathways Reserve	164,161.78	0.00	0.00	0.00	0.00	164,161.78
Asset / Rates Revaluation Reserve	292,877.18	0.00	0.00	0.00	0.00	292,877.18
Refuse & Recycling Bin Replacement Reserve	54,075.81	0.00	0.00	0.00	0.00	54,075.81
Sale of Land Reserve	2,303,942.18	0.00	0.00	0.00	0.00	2,303,942.18
Emergency Services Reserve	10,306.48	0.00	0.00	0.00	0.00	10,306.48
Small Plant & Equipment Reserve	15,261.45	0.00	0.00	0.00	0.00	15,261.45
Storm Water Reserve	101,082.19	0.00	0.00	0.00	0.00	101,082.19
	11,621,380.62	5,764.00	0.00	0.00	0.00	11,627,144.62
Restricted						
Contribution to Works Reserve	601,543.28	1,938.69	0.00	0.00	0.00	603,481.97
Eaton Drive - Access Construction Reserve	153,212.42	0.00	0.00	0.00	0.00	153,212.42
Eaton Drive - Scheme Construction Reserve	904,633.29	0.00	0.00	0.00	0.00	904,633.29
Fire Control Reserve	1,108.89	0.00	0.00	0.00	0.00	1,108.89
Collie River (Eaton Drive) Bridge Construction Reserve	1,548,013.31	0.00	0.00	0.00	0.00	1,548,013.31
Unspent Grants Reserve	1,394,079.17	0.00	0.00	0.00	0.00	1,394,079.17
Swimming Pool Inspection Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Unspent Specified Area Rate - Bulk Waste Collection Reserve	79,770.43	0.00	0.00	0.00	0.00	79,770.43
Unspent Specified Area Rate - Eaton Landscaping Reserve	67,486.00	0.00	0.00	0.00	0.00	67,486.00
Wanju Developer Contribution Plan Unspent Loan Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Dardanup Developer Contribution Scheme - Dardanup Community Centre Reserve	7,317.22	0.00	0.00	0.00	0.00	7,317.22
Dardanup Developer Contribution Scheme - Community Centre Design Reserve	1,126.10	0.00	0.00	0.00	0.00	1,126.10
Dardanup Developer Contribution Scheme - Dardanup Public Library Reserve	4,356.65	0.00	0.00	0.00	0.00	4,356.65
Dardanup Developer Contribution Scheme - Wells Park Hard Courts Reserve	4,089.36	0.00	0.00	0.00	0.00	4,089.36
Dardanup Developer Contribution Scheme - Wells Park Clubroom Reserve	9,725.94	0.00	0.00	0.00	0.00	9,725.94
Dardanup Developer Contribution Scheme - Wells Park Clubrooms Design Reserve	1,282.14	0.00	0.00	0.00	0.00	1,282.14
Dardanup Developer Contribution Scheme - Wells Park Car Park Reserve	12,880.03	0.00	0.00	0.00	0.00	12,880.03
Dardanup Expansion Developer Contribution Plan Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	4,790,624.23	1,938.69	0.00	0.00	0.00	4,792,562.92
Interest	0.00	0.00	91,022.19	0.00	0.00	91,022.19
Less: Outstanding Debtors	0.00	(300.00)	0.00	0.00	0.00	(300.00)
TOTAL	16,412,004.85	7,402.69	91,022.19	0.00	0.00	16,510,429.73



Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

5. STATEMENT OF INVESTMENTS

BANK	TYPE	AMOUNT	RATE	DAYS	FROM	MATURING	ESTIMATED INTEREST	INTEREST CREDITED 2019-2020
<u>MUNICIPAL FUND</u>								
Westpac / CBA	Municipal Fund Bank Account	\$ 3,823,600.07	0.40%			N/A	\$1,274.53	\$493.11
		<u>\$ 3,823,600.07</u>					<u>\$1,274.53</u>	<u>\$493.11</u>
<u>TRUST FUND</u>								
Westpac	Trust Fund Bank Account	\$ 1,160,044.72				N/A	\$0.00	\$300.25
		<u>\$ 1,160,044.72</u>					<u>\$0.00</u>	<u>\$300.25</u>
<u>RESERVE FUND</u>								
Westpac	Reserve Bank Account	\$ 5,410,429.73				N/A	\$0.00	\$615.35
Westpac	Coupon Select Deposit (Tailored Deposit)	\$ 5,000,000.00	2.94%	1098	22-Aug-17	24-Aug-20	\$445,485.16	\$37,052.05
Members Equity	Term Deposit	\$ 1,100,000.00	2.65%	730	19-Sep-17	19-Sep-19	\$58,300.00	\$0.00
AMP	Term Deposit	\$ 2,400,000.00	2.20%	188	25-Jul-19	29-Jan-20	\$27,195.62	\$33,271.23
NAB	Term Deposit	\$ 1,500,000.00	1.76%	184	12-Aug-19	12-Feb-20	\$13,308.49	\$0.00
AMP	Term Deposit	\$ 1,100,000.00	2.25%	92	25-Jun-19	25-Sep-19	\$6,238.36	\$0.00
		<u>\$ 16,510,429.73</u>					<u>\$550,527.63</u>	<u>\$70,938.63</u>
Total Interest Received								<u><u>\$71,731.99</u></u>





Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

5. STATEMENT OF INVESTMENTS (continued)

Total Funds Invested

Total Funds Invested as at Reporting Date -

Municipal Fund Investment Portfolio	\$ -
Trust Fund Investment Portfolio	\$ -
Reserve Fund Investment Portfolio	\$ 11,100,000.00
	<u>\$ 11,100,000.00</u>

Investment Policy - Portfolio Risk Exposure

Council's investment policy provides a framework to manage the risks associated with financial investments.

Portfolio - Terms of Maturity

Limits are placed on the term to maturity thereby reducing the impact of any significant change in interest rate markets and to provide liquidity.

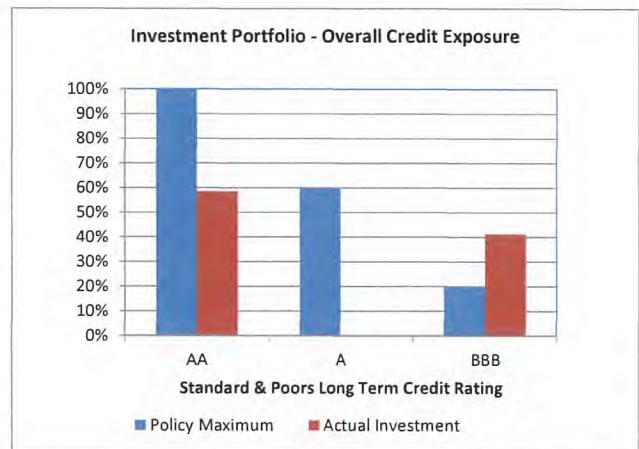
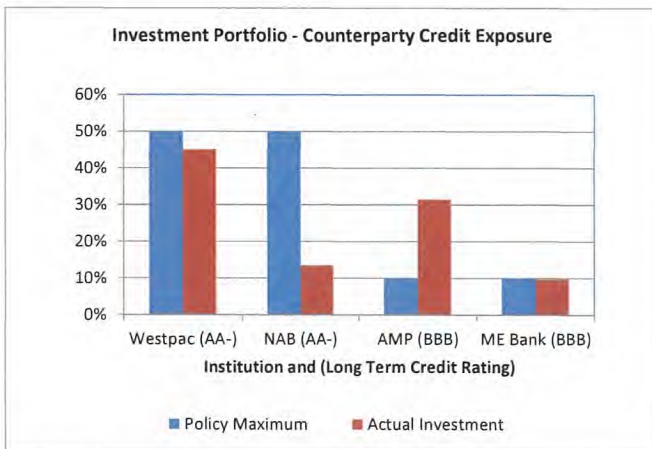
Counterparty Credit Exposure

Exposure to an individual authorised deposit-taking institution (ADI) counterparty will be restricted by their credit rating so that single entity exposure is limited.

Overall Credit Exposure

To control the credit quality on the entire portfolio, limits are placed on the percentage exposed to any particular credit rating category.

The following charts demonstrate the current portfolio diversity and risk compliance with the policy framework.



On 29th August 2019, the long term credit rating of AMP Bank was downgraded from A- to BBB by credit rating agency Standard & Poors. As a result of the downgrade, current investment holdings with AMP exceeds the Investment Policy maximum of 10% for an ADI with a long term credit rating of BBB and also our total investments lodged with BBB rated ADI's exceeds the 20% policy maximum limit. Action has been taken to redeem some of the AMP investments which will bring the total holdings within policy limits at the earliest opportunity (4th October 2019).

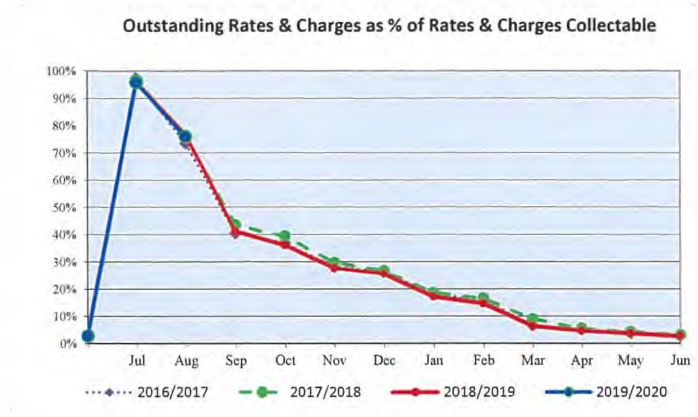


Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

6. Accounts Receivable as at 31 August 2019

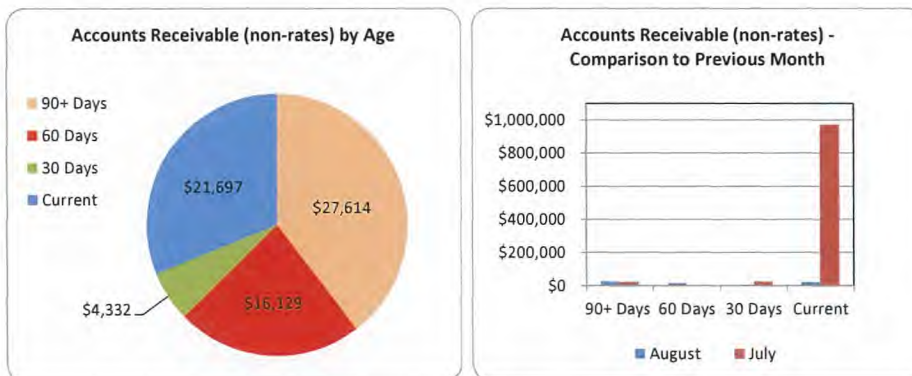
Rates and Charges Outstanding

2019/20 annual rates were raised on 17 July 2019 and are due for payment by 12 September 2019. As at the reporting date, total outstanding rates and charges (including pensioner deferred rates) is \$12,145,261. This equates to 75.80% of rates and charges collectable and is at a similar ratio to recent years. It is the objective of management to achieve less than 4% of rates and charges outstanding by 30 June.



Sundry Debtors Outstanding (non-rates)

As at the reporting date, the total outstanding Sundry Debtors amount to \$69,772. The significant invoices raised in July for grants from Main Roads WA for Regional Road Group 2019/20 projects and Dep't of Fire and Emergency Services for 2019/20 Bushfire Risk Management Program were subsequently paid in August.



7. Salaries and Wages to 31 August 2019

At the reporting date, total salaries and wages expenditure is \$1,368,795 (14.7% of the annual budget of \$9,294,886 for the 2019/20 financial year).





Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

8 RATING INFORMATION

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2019/20 Actual total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate										
Gross rental valuations										
General Rates - GRV: Residential	0.100662	3,085	55,836,980	5,620,662	0	0	5,620,662	5,620,662	5,309,324	5,309,324
General Rates - GRV: Commercial	0.100662	54	13,605,420	1,369,549	0	0	1,369,549	1,369,549	1,315,359	1,315,359
General Rates - GRV: Industrial	0.100662	65	7,529,898	757,975	0	0	757,975	757,975	727,562	727,562
General Rates - GRV: Small Holding	0.100662	360	8,010,860	806,389	0	0	806,389	806,389	761,329	761,329
General Rates - GRV: Interim and Back Rates	0.100662	0	0	0	124,249	0	124,249	10,829	85,991	230,000
Unimproved valuations										
General Rates - UV: Broad Acre Rural	0.006259	488	273,051,000	1,709,026	0	0	1,709,026	1,709,026	1,644,349	1,644,349
General Rates - UV: Mining	0.006259	0	0	0	0	0	0	0	0	0
General Rates - UV: Interim and Back Rates	0.006259	0	0	0	0	0	0	0	0	0
Sub-Totals		4,052	358,034,158	10,263,601	124,249	0	10,387,850	10,274,430	9,843,914	9,987,923
Minimum										
Minimum payment										
Gross rental valuations										
General Rates - GRV: Residential	1,547.50	1,662	21,419,776	2,571,945	0	0	2,571,945	2,571,945	2,484,960	2,484,960
General Rates - GRV: Commercial	1,547.50	7	61,400	10,833	0	0	10,833	10,833	10,416	10,416
General Rates - GRV: Industrial	1,547.50	52	629,150	80,470	0	0	80,470	80,470	77,376	77,376
General Rates - GRV: Small Holding	1,547.50	72	607,980	111,420	0	0	111,420	111,420	104,160	104,160
General Rates - GRV: Interim and Back Rates	1,547.50	0	0	0	0	0	0	0	0	0
Unimproved valuations										
General Rates - UV: Broad Acre Rural	1,547.50	135	20,540,600	208,913	0	0	208,913	208,913	191,952	191,952
General Rates - UV: Mining	1,547.50	20	372,699	30,950	0	0	30,950	30,950	29,759	29,759
General Rates - UV: Interim and Back Rates	1,547.50	0	0	0	0	0	0	0	0	0
Sub-Totals		1,948	43,631,605	3,014,531	0	0	3,014,531	3,014,531	2,898,623	2,898,623
		6,000	401,665,763	13,278,132	124,249	0	13,402,381	13,288,961	12,742,537	12,886,546
Discounts/concessions							(5,000)	(20)	(19,775)	(5,000)
Total amount raised from general rates							13,397,381	13,288,941	12,722,762	12,881,546
Specified area rates							344,800	345,374	351,801	349,178
Total rates							13,742,181	13,634,315	13,074,563	13,230,724



Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

9. INFORMATION ON BORROWINGS

Debenture Repayments

Particulars	Loan No.	Principal	New		Principal		Interest		Principal	
		Opening Balance 01 July 2019	Loans 2019/20	Budget	Repayments 2019/20	Budget	Repayments 2019/20	Budget	Outstanding 30 June 2020	Budget
		\$	Actual	\$	Actual	\$	Actual	\$	Actual	\$
Community Amenities										
Wanju/Waterloo Industrial Park Developer Contribution Plans	New	0	0	750,000	0	0	0	0	0	750,000
Recreation and Culture										
Eaton Recreation Centre	59	363,773	0	0	0	83,083	0	22,423	363,773	280,690
Eaton Recreation Centre Extensions	63	21,440	0	0	0	21,440	0	1,146	21,440	(0)
Fitness Equipment	68	21,070	0	0	0	21,070	0	413	21,070	(0)
Glen Huon Oval Club Rooms	69	1,005,108	0	0	19,630	39,638	19,298	45,072	985,478	965,470
Transport										
Depot Land	66	559,417	0	0	27,873	56,313	11,384	25,841	531,544	503,104
Economic Services										
Gravel Pit Land - Panizza Road	61	113,015	0	0	0	22,466	0	7,381	113,015	90,550
Other Property and Services										
Administration Building Extensions	65	159,042	0	0	0	35,739	0	11,667	159,042	123,303
		2,242,865	0	750,000	47,503	279,748	30,682	113,943	2,195,362	2,713,117

All debenture repayments were financed by general purpose revenue.



Notes to the Statement of Financial Activity
For the Period Ended 31 August 2019

10 BUDGET AMENDMENTS

Amendments to the original budget since budget adoption. Surplus/(Deficit)

GL/JOB Code	Description	Council Resolution	Classification	Non Cash Adjustment \$	Increase in Available Cash \$	Decrease in Available Cash \$	Revised Budget Running Balance \$
	Budget Adoption		Opening Surplus				132,227
	Permanent Changes						
	Opening surplus adjustment				103,568		235,795
J12596	2019/20 Upgrade of Gravel Pit East Road	26/06/19 - 178-19	Capital Expense			(16,200)	219,595
1241002	Transfer from Reserve - Road Construction Reserve	26/06/19 - 178-19	Capital Revenue		16,200		235,795
J11712	Ferguson Hall	17/07/19 - 235-19	Capital Expense			(7,971)	227,824
	Transfer from Reserve - Carried Forward Projects						
1241010	Reserve	17/07/19 - 235-19			7,971		235,795
J11640	Depiazzi Park	17/07/19 - 228-19	Capital Expense			(10,000)	225,795
	Transfer from Reserve - Parks & Reserves Upgrades						
1143001	Reserve	17/07/19 - 228-19	Capital Revenue		10,000		235,795
	Contribution to Ferguson Valley Marketing Inc. for mobile visitor centre van.	14/08/19 - 238-19	Operating Expense			(25,000)	210,795
J11636	Gnomesville master plan	14/08/19 - 238-19	Capital Expense		25,000		235,795
					162,739	(59,171)	



Shire of Dardanup

MINUTES

AUDIT COMMITTEE MEETING

Held

18 September 2019

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

This document is available in alternative formats such as:
~ Large Print
~ Electronic Format [disk or emailed]
Upon request.

TABLE OF CONTENTS

1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS	1
2.	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED	2
2.1	Attendance	2
2.2	Apologies	2
3.	PETITIONS/DEPUTATIONS/PRESENTATIONS	2
4.	CONFIRMATION OF MINUTES OF PREVIOUS MEETING.....	2
4.1	Audit Committee Meeting Held 17 July 2019.....	2
5.	ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED.....	3
6.	QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN	3
7.	DECLARATION OF INTEREST	3
8	REPORTS OF OFFICERS AND COMMITTEES	4
8.1	Title: Western Australian Auditor General Performance Reports.....	4
8.2	Title: Update on the Financial Management Systems Review Actions.....	7
8.3	Title: Investment Strategy.....	11
8.4	Title: Insurance Review	17
9.	ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	25
10.	NEW BUSINESS OF AN URGENT NATURE.....	25
11.	MATTERS BEHIND CLOSED DOORS	25
12.	CLOSURE OF MEETING.....	25

COMMITTEE MEMBERSHIP:

- CR P ROBINSON - CHAIRPERSON
- CR J DOW - DEPUTY CHAIRPERSON
- CR. T G GARDINER
- CR. M T BENNETT
- CR. J LEE

COUNCIL ROLE

Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency.
Executive/Strategic	The substantial direction setting and oversight role of the Council eg. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative	Includes adopting local laws, town planning schemes and policies.
Review	When Council reviews decisions made by Officers.
Quasi-Judicial	<p>When Council determines an application/matter that directly affects a person's rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p>

DISCLAIMER

"Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire's decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request."

SHIRE OF DARDANUP

MINUTES FOR THE SHIRE OF DARDANUP AUDIT COMMITTEE MEETING HELD ON WEDNESDAY, 18 SEPTEMBER 2019, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 1.30PM.

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

Chairperson, Cr. P S Robinson declared the meeting open at 1.33pm, welcomed those in attendance and referred to the Acknowledgement of Country; Emergency Procedures, the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

Acknowledgement of Country

The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region by recognising the strength, resilience and capacity of Wardandi people in this land.

Affirmation of Civic Duty and Responsibility

Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.

Committee members acknowledge that only the Chief Executive Officer or a member of the Shire of Dardanup staff appointed by the Chief Executive Officer is to have contact with consultants and suppliers that are appointed under contract to undertake the development and implementation of projects.

The exception to this Policy is when there is a meeting of the committee or working group with the consultant and the Chief Executive Officer or the Chief Executive Officer's representative is present.

Members of committees acknowledge that a breach of this Policy may result in a request to Council to have them removed from the committee.

Emergency Procedure

In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, please proceed to the Assembly Area points located to the western side of the front office car park near the skate park and gazebo where we will meet (and complete a roll call).

(Appendix ORD: 12.6)**2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED**2.1 AttendanceVoting

Cr. Peter Robinson	-	Elected Member - Chairperson
Cr. Michael Bennett	-	Shire President
Cr. Janice Dow	-	Elected Member – Deputy Chairperson
Cr. James Lee	-	Elected Member

Non-voting

Mr André Schönfeldt	-	Chief Executive Officer
Mr Phil Anastasakis	-	Deputy Chief Executive Officer
Mr Luke Botica	-	Director Infrastructure
Ms Cathy Lee	-	Manager Governance & HR
Mrs Natalie Hopkins	-	Manager Financial Services
Mrs Cindy Barbetti	-	Compliance Officer
Mrs Donna Bailye	-	PA – Deputy Chief Executive Officer

2.2 Apologies

Cr. Tyrrell Gardiner	-	Elected Member
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3. PETITIONS/DEPUTATIONS/PRESENTATIONS

None.

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING4.1 Audit Committee Meeting Held 17 July 2019**OFFICER RECOMMENDED RESOLUTION
& AUDIT COMMITTEE RESOLUTION**

AUD 11-19 MOVED - Cr. M T Bennett SECONDED - Cr. J Dow

THAT the Minutes of the Audit Committee Meeting held on 17 July 2019, be confirmed as true and correct subject to no corrections.

CARRIED
4/0

5. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED

None.

6. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

7. DECLARATION OF INTEREST

Discussion:

Chairperson, Cr. P Robinson asked Councillors and staff if there were any Declarations of Interest to be made.

There were no Declarations of Interest made.

8 REPORTS OF OFFICERS AND COMMITTEES

8.1 Title: Western Australian Auditor General Performance Reports

Reporting Department: *Corporate & Governance Services*
Reporting Officer: *Mrs Cindy Barbetti - Compliance Officer*
Legislation: *Local Government Act 1995*
 Local Government (Audit) Regulations 1996

Overview

This report provides the Audit Committee with an understanding of the 'performance audits' that are conducted by the Auditor General. It also provides assurance to the Audit Committee of the practical approach being undertaken by Council staff in reviewing and comparing the recommendations arising from the performance audits against current practices and policies.

Background

The *Local Government Amendment (Auditing) Act 2017* was proclaimed on 28 October 2017. The purpose of the Act was to make legislative changes to the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General.

The Act also provides for a new category of audits known as 'performance audits' which examine the economy, efficiency and effectiveness of any aspect of a local governments operations. These audits are reported separately to Parliament when they are completed.

Two types of performance audits are conducted:

- Broad Scope – which focus on the effectiveness and efficiency of larger programs, projects and services; and
- Narrow Scope – which have a tighter focus and may assess internal controls, compliance with legislation, policy and good practice, and information systems.

Deciding what to audit is a key part of the Auditor General's independence and is not subject to direction from Parliament or Government. The Auditor General has a topic selection framework to make sure that the topics are objective, robust and transparent. Entities that are selected to be included in the performance audit are contacted directly at the start of the audit process.

Unlike financial audits, which are paid for by each entity to cover the cost of doing the audit, performance audits are funded by Parliamentary appropriation. The number and size of performance audits is therefore determined by the level of appropriation received and the priority given to these by Parliament.

The findings of these audits are likely representative of issues in other local government entities that were not part of the sample. The Auditor General encourages all entities, not just those audited, to periodically assess themselves against the risks and controls noted in each of the performance audits when published.

Legal Implications

Local Government Act 1995
Local Government (Audit) Regulations 1996 (as Amended):

(Appendix ORD: 12.6)

Reg 17. CEO to review certain systems and procedures

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.

(3) The CEO is to report to the audit committee the results of that review.

Strategic Community Plan

Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.3- Maintain best practice governance systems and practices. (Service Priority: Moderate)

Strategy 1.3.6 - Establish a Risk Management Governance Framework for the Shire of Dardanup. (Service Priority: High)

Environment - None.

Precedents - None.

Budget Implications - None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation.

Tier 2 – 'Low' or 'Moderate' Inherent Risk.

Risk Event	Not considering the risks, controls and recommendations arising from the Auditor General's performance audits.
Risk Assessment Context	Strategic
Risk Theme Profile	3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

Consequence Category (Risk Effect/Impact)	Legal and Compliance
Consequence	Moderate (3)
Likelihood	Rare (1)
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)

Consequence Category (Risk Effect/Impact)	Reputational
Consequence	Moderate (3)
Likelihood	Unlikely (2)
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)

Risk Action Plan (treatment or controls proposed)	Not Required for 'Low' or 'Moderate' rating.
---------------------------------------------------	----------------------------------------------

(Appendix ORD: 12.6)

As Council is taking a pro-active and considered approach by undertaking comparisons between the performance audit reports and Council best practice and policies the overall Risk Assessment for this report is considered low.

Officer Comment -

The Auditor General Performance Audit Reports provide an opportunity to examine how well the Shire of Dardanup's policies, practices and procedures perform against the findings.

The Compliance Officer is responsible for convening meetings with key staff that have an interest relevant to the performance audit topic selection. These informal meetings are structured so that the auditor findings and recommendations are compared to current practices and policies. Where necessary, further actions for improvement may be identified and assigned to responsible officers.

In June 2019, the Auditor General released a performance audit report on 'Verifying Employee Identity and Credentials' (Appendix AUD: 8.1A) which examined controls for verifying the identity and credentials of new employees and monitoring the status of existing employees.

The report covered a sample of local government entities within Western Australia. The audit found that all entities needed to improve their practices for screening employees. It identified many instances where local government entities were not checking the identity, right to work in Australia, employment history, qualifications and criminal backgrounds of new and existing employees.

Appendix AUD: 8.1B is provided to the Audit Committee to illustrate how the Shire of Dardanup compares to the Auditor General performance audit on 'Verifying Employee Identity and Credentials'. If not addressed accordingly, these control weaknesses could have significant impact on the quality of employees in, and the integrity of, the Shire of Dardanup.

This process will continue to be applied to future performance audits released by the Auditor General. The recommendations will also be taken into consideration when performing internal audits that have been highlighted as part of the Internal Audit Work Plan.

The analysis of the Auditor General Performance Reports in conjunction with the Internal Audit Work Plan provides Council with a greater level of confidence in internal control practices and processes throughout Council operations.

Voting Requirements - Simple Majority.

**OFFICER RECOMMENDED RESOLUTION
& AUDIT COMMITTEE RESOLUTION**

AUD 12-19 MOVED - Cr. M T Bennett SECONDED - Cr. J Lee

THAT the Audit Committee receive this September 2019 report on the Western Australian Auditor General Performance Audits.

CARRIED
4/0

(Appendix ORD: 12.6)8.2 Title: Update on the Financial Management Systems Review Actions

<i>Reporting Department:</i>	<i>Corporate & Governance</i>
<i>Reporting Officer:</i>	<i>Mr Phil Anastasakis - Deputy Chief Executive Officer</i> <i>Mrs Cindy Barbetti - Compliance Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Financial Management) Regulations 1996</i>

Overview

This report provides the Audit Committee with an update on the implementation of the Financial Management Systems Review (FMSR) actions.

Background

In accordance with regulation 5(2)(c) Local Government Financial Management Regulation 1996, the Chief Executive Officer is required to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (not less than once in every 3 financial years) and report to the Local Government the results of those reviews.

This review was undertaken by AMD Chartered Accountants in February 2019 and the report, along with management comments were presented to the Audit Committee meeting held on 6 March 2019.

At the Audit Committee Meeting of the 17 July 2019 and subsequent Council meeting of 14 August 2019, the following was resolved [249-19]:

THAT Council acknowledges that all actions arising from the February 2019 Financial Management Systems Review, except 7.2.1 Code of Conduct, have been completed.

This report is provided to the Audit Committee meeting as an update by management on the current status of the only outstanding action resulting from the review, being 7.2.1 Code of Conduct.

Legal Implications

Local Government Act 1995

Local Government (Financial Management) Regulations 1996 (as Amended):

- (2) *The CEO is to —*
- c) *undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.*

Strategic Community Plan

Strategy 1.1.2- Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.3- Maintain best practice governance systems and practices. (Service Priority: Moderate)

Environment - None.

(Appendix ORD: 12.6)Precedents

The previous review was undertaken by Butler Settineri in 2015 and presented to the Chief Executive Officer on 13 January 2016. The scope of the previous review was to compare the financial policies adopted by the Shire with the minimum requirements of the Local Government Act 1995 and its associated regulations and to determine the extent to which the stated policies and procedures as adopted by the Shire have been implemented by the Chief Executive Officer.

Budget Implications

The annual budget provides sufficient expenditure allocation for consultancies to cover the cost of the next review which will capture the period from January 2019 to December 2021.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance - None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the Officer recommendation.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.

Risk Event	Financial Management System review not being undertaken in accordance with regulation 5(2)(c) Local Government Financial Management Regulation 1996 and not less than once in every 3 financial years.
Risk Assessment Context	Strategic
Risk Theme Profile	3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)
Consequence Category (Risk Effect/Impact)	Legal and Compliance
Consequence	Moderate (3)
Likelihood	Rare (1)
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	Not Required for ‘Low’ or ‘Moderate’ rating.

As the Financial Management System review was completed by an independent professional third party recognised accounting firm and delivered within the required timeframe (not less than once in every 3 financial years) the Risk Assessment for this report is considered low.

Officer Comment

The Code of Conduct (Item 7.2.1) is the only outstanding action from the February 2019 Financial Management Systems Review. The auditor recommendation and management comment is provided in the table below:

(Appendix ORD: 12.6)

Ref	Issue	Risk Rating	Proposed Completion Date	Status
7.	Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations			
7.2.1	Code of Conduct			
	The Shire Code of Conduct for Council Members, Committee Members and Staff was last reviewed and adopted by Council on the 6 November 2013.	Minor	31 December 2019	In Progress
	Auditor Recommendation We recommend the Code of Conduct be reviewed and subsequently communicated to current Council Members, Committee Members and Staff.			
	Management Comment Management acknowledges and accepts the recommendation. Council staff have been working with Councillors and WALGA during 2018 to review the Code of Conduct. This was put on hold pending the finalisation of the Local Government Act review.			

The Auditor finding reported that the Code of Conduct had last been reviewed and adopted by Council on 6 November 2013. This date was the last time it went to Council in an adopted format, management have advised that the Code of Conduct has been reviewed since then.

In November 2018, Council considered a full review of the Code of Conduct at a workshop held with WALGA representative and management in attendance. On advice from James McGovern from WALGA, it was agreed that the review be held off pending the review of the Local Government Act 1995.

The Local Government Legislation Amendment Act 2019 will introduce some significant changes in the way Codes of Conduct are adopted and managed, in the following ways;

- The current Rules of Conduct Regulations will become mandatory content of a Code of Conduct, which must be adopted by all Local Governments. The Code will apply to Council Members, Committee Members and election candidates;
- Allegations of breach of a Rule will still be referred to the Local Government Standards Panel;
- A Code of Conduct can contain content in addition to the Rules of Conduct, and any allegations of a breach of Code content (i.e. not the Rules) will be dealt with by the Local Government;
- The Chief Executive Officer will be responsible for determining the Code of Conduct for employees. The Bill will also change the rules relating gifts and Chief Executive Officer's will in future use the Code as a means of describing employees' responsibilities to accept and declare gifts received in association with their employment.

Due to the substantial changes described above, it was therefore decided that the current Code of Conduct review be deferred until the new legislation relating to Codes of Conduct is passed.

At the time of compiling this report, the latest advice from the Department of Local Government is that further consultation will take place on the model Codes of Conduct. It is therefore expected that this reform won't come into effect until early 2020. An updated officer report on the status of the Code of Conduct reform will be presented to the next Audit Committee meeting scheduled for December 2019.

Council Role - Legislative.

Voting Requirements - Simple Majority.

(Appendix ORD: 12.6)

**OFFICER RECOMMENDED RESOLUTION
& AUDIT COMMITTEE RESOLUTION**

AUD 13-19 MOVED - Cr. M T Bennett SECONDED - Cr. J Lee

THAT the Audit Committee:

1. **Receive the September 2019 update report on the implementation of actions required from the findings of the February 2019 Financial Management Systems Review.**

2. **Requests that Council acknowledges that action 7.2.1 Code of Conduct, will remain outstanding until 2020 when the Department of Local Government releases model Codes of Conduct.**

CARRIED
4/0

(Appendix ORD: 12.6)**8.3** Title: Investment Strategy

<i>Reporting Department:</i>	<i>Corporate & Governance</i>
<i>Reporting Officer:</i>	<i>Mr Phil Anastasakis - Deputy Chief Executive Officer</i> <i>Mrs Natalie Hopkins – Manager Financial Services</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Financial Management) Regulations 1996</i>

Overview

This report provides the Audit Committee with an investment strategy intended to guide and influence Council's investment portfolio decisions.

Background

At the Special Council Meeting dated 26 July 2018 Council adopted Council Policy CP036 – Investment Policy which expanded on the previous Investment Policy adopted in August 2017. Since the adoption of the Investment Policy just over 12 months ago, management has reviewed the Policy with the intention of introducing an investment strategy specifically formulated for the Shire of Dardanup.

In May 2019 Council staff engaged Amicus Advisory Pty Ltd, an independent investment advisory firm that has provided investment strategies and advice for over 42 local governments, several in Western Australia. The scope of the strategy explicitly stated that the investment strategy should complement Council's existing investment strategy whilst maximising investment opportunities and return on investments.

In practice, the way an Investment Policy and an Investment Strategy normally interact is as follows:

- The policy is reviewed annually and sets the risk parameters the Council is willing to take which are determined by the prevailing legislation and the investment portfolio risk guidelines contained within the Investment Policy.
- The strategy determines what investments are made and when, depending on market conditions while operating within the confines of the Investment Policy at all times. The purpose of this strategy is to look at alternative methods of increasing the return on Council's investments, primarily interest earned on investments and term deposits.

Amicus Advisory has provided management with a comprehensive Investment Strategy Formulation Report. A separate Recommendations Summary is provided herein (Appendix AUD: 8.3) which outlines several suggested changes and recommendations to Council's existing Investment Policy, and includes suggested Investment Strategy Options to achieve the desired outcomes for Council's investment portfolio. It should be noted not all of the suggested changes and recommendations are supported by management and are therefore not included in the Officer's Recommendations.

In summary, management have highlighted the following supported recommendations from the report as suggested changes to Council's Investment Policy 'CP036 – Investment Policy' to be included when Council undertakes a formal review of the policy.

(Appendix ORD: 12.6)

- *Suggested Changes and Additions to Existing Investment Policy – Supported by management:*

- 1. Expand the definition of credit ratings to also include ratings by Moody's and Fitch.**

Management Response:

Council's current Investment Policy 'CP036 – Investment Policy' includes ratings by Standard & Poor's (S&P). Both Moody and Fitch are held in a similar high regard as S&P and can be utilised if there is no S&P rating available on an investment or issuer.

- 2. Use only long-term ratings as opposed to a combination of short and long-term ratings to avoid confusion which, as advised by Amicus Advisory's experience with other Councils, can arise in practice.**

Management Response:

Council's current Investment Policy 'CP036 – Investment Policy' includes both Long Term and Short Term Ratings. Confusion can arise if a short term rating does not automatically map to a long term rating and can cause illogical outcomes when an instrument moves from greater than 1 year (long term investment) to less than 1 year (short term investment). It should be noted that the Monthly Statement of Financial Activity reported to Council includes graphical representation of Long Term ratings only.

- 3. Expand the "AA" rated policy band to "AA and Major Banks" to safeguard Council against a situation where the Major Banks are downgraded (most likely as a group because of a downgrade to either Australia's sovereign rating, the sovereign's support for the banking system or a change in S&P's view of the risks in the whole Australian banking environment).**

Management Response:

Council's current Investment Policy 'CP036 – Investment Policy' includes only 'AA' banks which have a rating investment grade of Very High (Very Low Credit Risk) in Amicus Advisory Ratings Comparison Table. Expanding the 'AA' rating to include the term 'Major Banks' will protect Council against policy breach in the event a 'major bank' is downgraded from 'AA' Very High standard to, for example, 'A+'. Major Bank can further be defined as ANZ, CBA, NAB and Westpac.

- 4. Expand the policy to include fixed and floating rate notes in addition to term deposits.**

Management Response:

Council's current Investment Policy 'CP036 – Investment Policy' is currently restricted to the following Approved Investments:

- Interest Bearing Deposits with Authorised Deposit Taking Institutions (ADI's);
- Commercial Bank Bills; or
- Guaranteed Bonds by the Commonwealth Government;

Noting that all of Council's investments over the last 12 months have been through ADI approved term deposits.

Bank issued Floating Rates Notices (FRNs) is a security that pays a coupon linked to a variable benchmark. Generally the FRN pays a coupon set as a margin above the bank bill swap rate. The primary advantage of FRN's over term deposits is their tradability where they can be sold at market prices, and monies realised within two days.

(Appendix ORD: 12.6)**5. Consider adding provisions within the policy for rectification of breaches to policy and “grandfathering” of investments;***Management Response*

Council’s current Investment Policy ‘CP036– Investment Policy’ does not include a ‘grandfathering’ provision which protects Council against breaches of its investment policy whereby that breach is outside the control of Council. Specifically Grandfathering applies to any investment that:

- Was made ineligible by a previous change to the external legislation if that change allows for grandfathering;
- Is made ineligible as a result of a change to the adopted Investment Policy;
- Is in breach of the Investment Policy due to a change of circumstance (eg because the investment has been downgraded or has had its credit rating withdrawn post purchase); and
- Is in breach due to a change in portfolio size or composition (eg because the overall portfolio size has decreased and as a result the percentage of total portfolio limit which applies to individual remaining investments increases and therefore causes a breach.

The following Strategy Recommendations form part of both Amicus Advisory’s Recommendation Summary and Investment Strategy Formulation Report. The report notes that returns can be enhanced by taking a moderate and conservative level of risk in the areas of credit, interest rate and maturity, or a combination of these, depending on the prevailing market conditions and the relative value of the investment opportunity available.

On review of the Investment Policy to be presented to Council at a later date, the following strategies will guide the Investment Policy and decision making process.

- *Suggested Investment Strategy Options - Supported by management*

- **Strategy 1 - Short Dated High Quality Term Deposits**

Management Response:

This strategy is the simplest lowest risk, lowest return option.

- **Strategy 2 - Enhance Returns through increased Interest Rate Risk.**

Management Response

This strategy has worked well for many Councils, including the Shire of Dardanup, who invested in fixed rate term deposits because both credit margins and interest rates have fallen over the past few years. Councils were able to log in high rates available which provided a performance benefit. In the current market it is expected interest rates will continue to fall in the short term. In the long term interest rates are currently at historic lows and should expect to rise in the future.

- **Strategy 3 - Enhance Returns through Increased Maturities.**

Management Response

This strategy has benefited councils who were able to lock in outperformance of the BBSW rate by purchasing Floating Rate Notices (FRNs). These FRN’s have appreciated in value because the credit spreads have been stable. The same strategy can be executed via longer dated floating rate term deposits, except they may not be offered the same rate of ADI’s and term deposits do not provide a contingent source of liquidity in the long term.

(Appendix ORD: 12.6)

- **Strategy 4 - Reducing the amount of cash in the "At Call" accounts if liquidity considerations allow.**

Management Response:

Consideration is given to Council's cash flow requirements at the time of investment.

- **Strategy 5 - Matching known liabilities over the next 12 months**

Management Response:

This strategy incorporates the investment of additional portfolio monies to match known liabilities. This can be done in the form of fixed or floating investments but the concept is to take advantage of the maximum investment term possible.

- **Strategy 6 - Considering investing in fixed rate term deposits to hedge against future interest rate reductions.**

Management Response

Whilst not advocated directly by Amicus Advisory due to the low yield rate return, management considers fixed rate term deposits dependent on the market conditions as an effective strategy pursuant to low risk low return model.

This report has been presented to the Audit Committee for endorsement. If the recommendations are supported by the Audit Committee, management will review *CP036 Investment Policy* and present this to Council for endorsement in the near future.

Legal Implications*Local Government Act 1995 – s. 6.14**6.14. Power to invest*

- (1) *Money held in the municipal fund or the trust fund of a local government that is not, for the time being, required by the local government for any other purpose may be invested as trust funds may be invested under the Trustees Act 1962 Part III.*
- (2A) *A local government is to comply with the regulations when investing money referred to in subsection (1).*
- (2) *Regulations in relation to investments by local governments may —*
 - (a) *make provision in respect of the investment of money referred to in subsection (1); and*
 - [(b) *deleted*]
 - (c) *prescribe circumstances in which a local government is required to invest money held by it;*
and
 - (d) *provide for the application of investment earnings; and*
 - (e) *generally provide for the management of those investments.*

Local Government (Financial Management) Regulations 1996

Regulation 19 - Investments, control procedures for

Regulation 28 - Investment information required in notes

Regulation 49 – Invested money, information about in annual financial report

The Trustees Amendment Act 1977 – Part III Investments

Australian Accounting Standards

(Appendix ORD: 12.6)Strategic Community Plan

Strategy 1.1.3- Maintain best practice governance systems and practices. (Service Priority: Moderate)

Strategy 1.3.4 - Monitor and develop new revenue streams. (Service Priority: High)

Environment - None.

Precedents - None.

Budget Implications

The 2019/20 Annual Budget contains a provision for Interest Revenue for the Municipal Fund of \$60,000 and Reserve Fund Interest of \$312,957. Interest earned on Trust Fund accounts is returned to the funds held in Trust. Maximising interest revenue is critical in reaching budgeted interest revenue forecasts.

Budget – Whole of Life Cost - None.

Council Policy Compliance - None.

Risk Assessment -

The Risk Management Governance Framework has been considered in arriving at the Officer Recommendation.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.

Risk Event	That an adequate Investment Strategy is not considered.
Risk Assessment Context	Strategic
Risk Theme Profile	3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

Consequence Category (Risk Effect/Impact)	Reputational
Consequence	Moderate (3)
Likelihood	Unlikely (2)
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)

Consequence Category (Risk Effect/Impact)	Financial Impact
Consequence	Moderate (3)
Likelihood	Unlikely (2)
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)

Consequence Category (Risk Effect/Impact)	Legal and Compliance
Consequence	Moderate (3)
Likelihood	Rare (1)
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	Not Required for ‘Low’ or ‘Moderate’ rating.

(Appendix ORD: 12.6)Officer Comment

Council has adopted a conservative investment approach to ensure investment capital is preserved and funds are available in the short term. Whilst the investment policy provides clear direction and guidance for the management of Council's cash and investment portfolio, the six strategies identified above will influence changes to the Investment Policy which will be reviewed and presented to Council at a later date.

Council Role - Legislative.

Voting Requirements - Simple Majority.

**OFFICER RECOMMENDED RESOLUTION
& AUDIT COMMITTEE RESOLUTION**

AUD 14-15 MOVED - Cr. M T Bennett SECONDED - Cr. J Lee

THAT the Audit Committee:

1. **Receive the Amicus Advisory Pty Ltd Investment Strategy Review Report for the Shire of Dardanup (September 2019); and**
2. **Support the recommended changes and additions to Council's current Investment Policy 'CP036 – Investment Policy' to enable the achievement of the six Investment Strategies noted and supported within this report.**

CARRIED
4/0

(Appendix ORD: 12.6)8.4 Title: Insurance Review

<i>Reporting Department:</i>	<i>Corporate and Governance</i>
<i>Reporting Officer:</i>	<i>Mr Phil Anastasakis - Deputy Chief Executive Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Financial Management) Regulations 1996</i>

Overview

This report provides the Audit Committee with an overview of the current insurance portfolio in place, together with the service that is provided to Council and the financial implication.

Background

Local Government Insurance Services (LGIS) has been providing insurance services to Council for many years. LGIS was established in the early 1990's in response to widespread dissatisfaction amongst local governments across WA with the traditional insurance market. At this time local governments had difficulties in obtaining continuing cover in key insurance classes and where cover was available, local governments were being penalised with large, unmanageable and unbudgeted increases in the cost of cover.

The WA Local Government Sector established its own, sustainable solution for local governments in the format of an industry based self-insurance Scheme, entirely owned and controlled by its participating WA Local Government members.

The Scheme incorporates protection for property, civil liability exposures, volunteer fire fighters and workers compensation and is a superior alternative to what is made available by the traditional insurance market. In addition to the LGIS Scheme coverage, local governments also have access through LGIS insurance broking to a range of Non-Scheme insurance products.

Legal ImplicationsLocal Government Act 19955.49. *Workers' compensation arrangement*

- (1) *In this section —*
arrangement means the group self insurance arrangement established under subsection (2);
eligible body means —
- (a) *a local government; or*
 - (b) *a regional local government; or*
 - (ca) *a regional subsidiary; or*
 - (c) *any other body with functions relating to local government approved in writing by the Minister;*
- WCIM Act means the Workers' Compensation and Injury Management Act 1981;*
WorkCover WA has the same meaning as it has in the WCIM Act.
- (2) *WALGA is to establish and manage, for the benefit of itself and any eligible body that chooses to participate, a group self insurance arrangement against liability to pay compensation under the WCIM Act.*
- (3) *Subsection (2) does not apply unless the group of participants in the arrangement is exempted under section 164 of the WCIM Act.*
- (4) *If an eligible body wishes to join or leave the arrangement, WALGA is to apply to WorkCover WA to seek a variation in the group exemption.*
- (5) *Participants in the arrangement are jointly and severally liable for a liability of any participant to pay compensation under the WCIM Act, being a liability in relation to which that participant is exempted under section 164 of that Act from the requirement to insure.*
- (6) *WALGA is to dissolve the arrangement if exemption of the group under section 164 of the WCIM Act is cancelled.*

(Appendix ORD: 12.6)

(7) Nothing in this section limits the application of the WCIM Act.

[Section 5.49 amended: No. 42 of 2004 s. 165; No. 49 of 2004 s. 12; No. 26 of 2016 s. 11.]

Local Government (Functions & General) Regulations 1996

LGIS forms part of the WALGA Preferred Supplier Program and therefore tenders are not required for annual insurance renewals:

11. *When tenders have to be publicly invited*

(2) *Tenders do not have to be publicly invited according to the requirements of this Division if —*

(b) the supply of the goods or services is to be obtained through the WALGA Preferred Supplier Program;

Strategic Community Plan

Strategy 1.1.1 - To be equitable, inclusive and transparent in decision making. (Service Priority: High)

Strategy 1.1.3 - Maintain best practice governance systems and practices. (Service Priority: Moderate)

Environment - None.

Precedents None.

Budget Implications

The 2019/20 Annual Budget contains a total insurance provision of \$423,788 consisting of \$162,490 for Workers Compensation Insurance and \$261,298 for other Insurances. Total insurance costs for previous years have been \$436,043 in 2015/16, \$404,683 in 2016/17, \$396,833 in 2017/18, and \$405,884 in 2018/19. The 2019/2029 Long Term Financial Plan contain further annual provisions for insurance.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

CP009 – Voluntary Works/Tasks – Equipment

CP034 – Procurement Policy

4.9 *Exemption from Procurement Quotations Requirements*

4.9.6 *The purchase is for utilities (ie: water, electricity, gas), legal fees or insurance services.*

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation.

(Appendix ORD: 12.6)

Tier 3 – ‘High’ or ‘Extreme’ Inherent Risk.

Risk Event	Council not having adequate insurance services in place (including Workers Compensation) and suffering a substantial loss.
Risk Assessment Context	Operational

Risk Theme Profile	1 - Asset Sustainability Practices
	2 - Business and Community Disruption
	3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)
	14 - Safety and Security Practices

Consequence Category (Risk Effect/Impact)	Financial Impact
Consequence	Catastrophic (5)
Likelihood	Likely (4)
Inherent Risk Rating (prior to treatment or control)	Extreme (20 - 25)

Consequence Category (Risk Effect/Impact)	Reputational
Consequence	Major (4)
Likelihood	Likely (4)
Inherent Risk Rating (prior to treatment or control)	High (12 - 19)

Consequence Category (Risk Effect/Impact)	Health
Consequence	Major (4)
Likelihood	Possible (3)
Inherent Risk Rating (prior to treatment or control)	High (12 - 19)

Consequence Category (Risk Effect/Impact)	Service Interruption
Consequence	Major (4)
Likelihood	Possible (3)
Inherent Risk Rating (prior to treatment or control)	High (12 - 19)

Consequence Category (Risk Effect/Impact)	Legal and Compliance
Consequence	Major (4)
Likelihood	Likely (4)
Inherent Risk Rating (prior to treatment or control)	High (12 - 19)

Consequence Category (Risk Effect/Impact)	Environment
Consequence	Catastrophic (5)
Likelihood	Unlikely (2)
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)

(Appendix ORD: 12.6)

Risk Action Plan (treatment or controls proposed)	<p>Council having adequate provisions for insurance services in place will mitigate the risk of suffering a substantial loss.</p> <p>Management annually review the insurance portfolio to confirm the insurance cover is current and specific to Council needs and operations.</p> <p>The Residual Risk is therefore reduced after suitable treatment.</p>
Residual Risk Rating (after treatment or controls)	Moderate (5 - 11)

Any items with a Residual Risk Rating over 12 (considered to be 'High' or 'Extreme' risk after control or treatments proposed) will be added to the Risk Register.

Level of Risk Guide						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	Moderate (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	Moderate (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Officer Comment

LGIS provide Council with greater security and certainty which is a benefit derived from the strength and commitment of working together. This commitment enables Council to finance and manage insurance services and risk through a shared vision and alignment of outlook, interest and loyalty.

In 2019-2020 Council undertook the following Scheme and Non-Scheme Insurance policies through Local Government Insurance Services (LGIS):

Class of Cover	Underwriter / Scheme	Situation	Interest Insured / Protected	Contribution / Premium GST Exclusive
Scheme				
Local Government Special Risks	LGIS Property	Anywhere in Western Australia	<i>Section 1 - Material Loss or Damage</i> All real and personal property of every kind and description (except as excluded in the Protection Policy Document) belonging to the Member or for which the Member is responsible or has assumed responsibility to insure prior to the occurrence of any damage including all such property in which the Member may acquire an insurable interest during the Period of Protection.	\$176,229.55

(Appendix ORD: 12.6)

Class of Cover	Underwriter / Scheme	Situation	Interest Insured / Protected	Contribution / Premium GST Exclusive
			<p><i>Section 2 - Consequential Loss</i></p> <p>Item 1: Gross Revenue/Increase Cost of Working</p> <p>Item 2: Loss of Rent Receivable/Increase Cost of Working</p> <p>Item 3: Claims Preparation and Proving Costs</p> <p>Item 4: Additional Increased Cost of Working</p> <p>Item 5: Accounts Receivable</p>	
Bush Fire	LGIS Bushfire	Anywhere in Australia	<p>Volunteer Bush Fire Brigade Members in respect of medical expenses, loss of salary/wages and death benefit as prescribed by the Fire and Emergency Services Act 1998 (as amended and replaced from time to time), Western Australia and Injury Management Act 1981 (as amended and replaced from time to time) and Bush Fires Act 1954 (as amended and replaced from time to time), for injury and specified disease sustained by volunteer bushfire brigade members in the course of their normal brigade activities (as defined).</p> <p>Statutory Legal liability to volunteer bushfire members and cadets in accordance with the Bushfire Act 1954 as amended and replaced from time to time and Western Australia and Injury Management Act 1981 as amended and replaced from time to time.</p>	\$32,923.00
Public Liability	LGIS Liability	As Per Policy Document	<p>A. The scheme will pay to or on behalf of the Member all sums for which the Member shall become legally liable to pay by way of compensation in respect of:</p> <ul style="list-style-type: none"> • Death or Personal Injury • Loss or Damage to Property <p>happening during the Period of Protection and caused by an occurrence in connection with the Business, from:</p> <ol style="list-style-type: none"> i. Public Liability ii. Products Liability <p>All as defined in the Protection Wording.</p> <p>B. Professional Indemnity (this is a Claims Made Coverage)</p>	\$63,382.90

(Appendix ORD: 12.6)

Class of Cover	Underwriter / Scheme	Situation	Interest Insured / Protected	Contribution / Premium GST Exclusive
			Any Claim or Claims first made against the Member and notified to the Scheme during the Period of Protection arising out of any negligent act, error or omission whenever or wherever the same was or may have been committed or alleged to have been committed by the Member in the conduct of the Member's Business (other than any indemnity provided by this protection under A (i) Public Liability and (ii) Products Liability).	
Casual Hirers Liability	LGIS Liability	As Per Schedule	<p><i>General Liability</i></p> <p>Legal Liability to Third Parties for -</p> <ul style="list-style-type: none"> • death, illness or personal/bodily injury. • loss or damage to property during the period of protection as a result of an occurrence happening in connection with the use of the hired facility by the Hirer. 	\$0.00
Crime	LGIS Liability	Anywhere in the world	<p>The loss must be a direct financial loss sustained by the Member anywhere in the world in connection with a single act or series of related continuous or repeated acts of:</p> <ul style="list-style-type: none"> a) an internal crime; or b) an external crime; or c) a theft; or d) physical loss or damage. <p>The loss will include the direct financial loss sustained by a client which is discovered during the policy period, or the discovery period as a result of the Member suffering an internal crime or an external crime or a theft, or physical loss or damage and where the Member has responsibility for the care, custody and control of the money, securities or property of any client unless caused by an employee in collusion with such client or any employee thereof.</p> <p>The loss must be sustained prior to the end of the policy period and be discovered and notified by the Member during the policy period or the discovery period, if applicable.</p>	\$1,609.70

(Appendix ORD: 12.6)

Class of Cover	Underwriter / Scheme	Situation	Interest Insured / Protected	Contribution / Premium GST Exclusive
Workers' Compensation	LGIS Workcare	Anywhere in Western Australia	<p><i>Workers' Compensation</i> Coverage is granted to the Member in accordance with the Workers Compensation and Injury Management Act (1981) including unlimited common law cover.</p> <p><i>Journey Accident Cover</i> The cover extends to include accidents that occur whilst a worker is travelling directly to and from his/her workplace where the Workers Compensation and Injury Management Act (1981) does not provide cover.</p> <p><i>Death and Capital Benefits</i> \$300,000</p> <p><i>Weekly Benefits</i> 100% of weekly earnings (as defined) to a maximum of \$2,500 (payable for up to 104 weeks from the date of injury)</p> <p><i>Deductible/Excess</i> The Member shall bear the first Nil \$ of each and every loss or series of losses arising out of any one event.</p>	\$169,049.10
Non-scheme				
Environmental Impairment Liability Pollution Legal Liability	AIG Australia Limited	Australia	For personal injury or property damage caused by gradual pollution, and includes costs of cleaning up any substance which has/would cause environmental damage e.g. a discharge of sewage into a waterway.	\$0.00
Cyber Liability	Chubb Insurance Australia Limited	Australia	Protects local government from internet based risk and more generally from risk relating to information technology infrastructure and activities.	\$3,300.00
Management Liability	Chubb Insurance Australia Limited	Worldwide	For individual Councillors and Officers in respect of claims for any alleged wrongful acts arising out of their official duties.	\$10,927.79
Motor Vehicle	Zurich Australian Insurance Limited	Anywhere in Australia	All Motor Vehicles and Trailers owned, leased, mortgaged under Hire Purchase Agreement, hired in or let out on hire, loaned to or by, or used or operated by the Insured including to the extent the Insured has accepted responsibility to insure.	\$39,529.11

(Appendix ORD: 12.6)

Class of Cover	Underwriter / Scheme	Situation	Interest Insured / Protected	Contribution / Premium GST Exclusive
Marine Cargo	QBE Insurance (Australia) Ltd through Key U/writing (Marine Cargo Facility)	Anywhere in Australia	<p>Loss of or damage to interest insured.</p> <p>All goods &/or interests ('Goods') belonging &/or appertaining to the Insured's business consisting principally of but not limited to: Office supplies of every description, building materials, tools, computer/electronic equipment, food & beverage supplies, plant and machinery of every description and/or any other goods as and when required.</p> <p>Employees Personal Household Effects shipped by or for account of the Insured or the insurance of which is under their control as selling or purchasing agent unless insured elsewhere prior to inception of this contract or to insurable interest being acquired.</p> <p>Other interests held covered at rates to be agreed prior to the transit commencing.</p>	\$320.00
Personal Accident	Chubb Insurance Australia Limited	Anywhere in Australia	<p>Covers loss of income and selected benefits resulting from death by accident or permanent/temporary disability caused by an accident or illness.</p> <p>This cover will reimburse non-refundable medical expenses for volunteers, and councillors of Local Governments.</p>	\$684.20
Corporate Travel	Chubb Insurance Australia Limited	Worldwide excluding Cuba and/or Iran	<p>Journey means a trip authorised by and undertaken on behalf of the policyholder provided such trip involves a destination beyond fifty (50) kilometres from the insured person's normal place of residence or business premises.</p> <p>A journey will commence from the effective date of coverage or the time the insured person leaves their normal place of residence or business premises, whichever is the latter, and will continue until they return to their normal place of residence or business premises, whichever occurs first. The maximum duration of any trip must not exceed one hundred and eighty (180) days.</p>	\$1,150.60

Council Role - Legislative.

Voting Requirements - Simple Majority.

**OFFICER RECOMMENDED RESOLUTION
& AUDIT COMMITTEE RESOLUTION**

AUD 15-19 MOVED - Cr. M T Bennett SECONDED - Cr. J Lee

THAT the Audit Committee receive the September 2019 Insurance Review report.

CARRIED
4/0

9. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

None.

10. NEW BUSINESS OF AN URGENT NATURE

None.

11. MATTERS BEHIND CLOSED DOORS

None.

12. CLOSURE OF MEETING

The Chairperson advises that the date of the next Audit Committee Meeting is to be advised.

There being no further business the Chairperson declared the meeting closed at 2.05pm.



UNCONFIRMED

MINUTES

CORPORATE AND COMMUNITY SERVICES COMMITTEE MEETING

Held

18 September 2019

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

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TABLE OF CONTENTS

1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS	1
2.	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED	2
2.1	Attendance	2
2.2	Apologies	2
3.	PETITIONS/DEPUTATIONS/PRESENTATIONS	2
4.	CONFIRMATION OF MINUTES OF PREVIOUS MEETING.....	2
4.1	Corporate and Community Services Committee Meeting Held 20 March 2019	2
5.	ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED	3
6.	QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN	3
7.	DECLARATION OF INTEREST	3
8	REPORTS OF OFFICERS AND COMMITTEES	3
8.1	Title: Minor and Community Grants Scheme – Round 1 – 2019 - 2020	3
8.2	Title: Leeuwin Scholarship Selection Panel	10
9.	ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	12
10.	NEW BUSINESS OF AN URGENT NATURE.....	12
11.	MATTERS BEHIND CLOSED DOORS	12
12.	CLOSURE OF MEETING.....	12

COMMITTEE MEMBERSHIP:

CORPORATE & COMMUNITY SERVICES COMMITTEE

- Cr. M T BENNETT
- Cr. P S ROBINSON
- Cr. L DAVIES
- Cr. I P PERKS
- Cr. J LEE
- Cr. T G GARDINER
- Cr. C N BOYCE
- Cr J DOW

COUNCIL ROLE

Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency.
Executive/Strategic	The substantial direction setting and oversight role of the Council eg. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative	Includes adopting local laws, town planning schemes and policies.
Review	When Council reviews decisions made by Officers.
Quasi-Judicial	<p>When Council determines an application/matter that directly affects a person's rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p>

DISCLAIMER

"Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire's decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request."

SHIRE OF DARDANUP

MINUTES FOR THE SHIRE OF DARDANUP CORPORATE AND COMMUNITY SERVICES COMMITTEE MEETING HELD ON WEDNESDAY 18 SEPTEMBER 2019, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.30PM.

1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS
---	--------------------------------------------------------

The Chairperson, Cr Michael Bennett declared the meeting open at 2.32pm, welcomed those in attendance and referred to the Acknowledgement of Country; the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

Acknowledgement of Country

The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region by recognising the strength, resilience and capacity of Wardandi people in this land.

Affirmation of Civic Duty and Responsibility

Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.

Committee members acknowledge that only the Chief Executive Officer or a member of the Shire of Dardanup staff appointed by the Chief Executive Officer is to have contact with consultants and suppliers that are appointed under contract to undertake the development and implementation of projects.

The exception to this Policy is when there is a meeting of the committee or working group with the consultant and the Chief Executive Officer or the Chief Executive Officer's representative is present.

Members of committees acknowledge that a breach of this Policy may result in a request to Council to have them removed from the committee.

Emergency Procedure

In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, please proceed to the Assembly Area points located to the western side of the front office car park near the skate park and gazebo where we will meet (and complete a roll call).

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED

2.1 Attendance

Cr. Michael Bennett	-	Shire President (Chairperson)
Cr. Peter Robinson	-	Deputy Shire President
Cr. Patricia Perks	-	Elected Member
Cr. Janice Dow	-	Elected Member
Cr. Carmel Boyce	-	Elected Member
Cr. James Lee	-	Elected Member [2.37pm]
Mr. André Schönfeldt	-	Chief Executive Officer
Mr. Phil Anastasakis	-	Deputy Chief Executive Officer
Mr Luke Botica	-	Director Infrastructure
Mrs Natalie Hopkins	-	Manager Financial Services
Ms Melanie Ring	-	Community Services Officer
Mrs Donna Bailye	-	PA – Deputy Chief Executive Officer

2.2 Apologies

Cr Luke Davies
Cr Tyrrell Gardiner

3. PETITIONS/DEPUTATIONS/PRESENTATIONS

None.

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4.1 Corporate and Community Services Committee Meeting Held 20 March 2019

**OFFICER RECOMMENDED RESOLUTION &
CORPORATE & COMMUNITY SERVICES COMMITTEE RESOLUTION**

CCS 14-19 MOVED - Cr P Robinson SECONDED - Cr P Perks

THAT the Minutes of the Corporate and Community Services Committee Meeting held on 20 March 2019, be confirmed as true and correct subject to no corrections.

CARRIED
5/0

5. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED

None.

6. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

7. DECLARATION OF INTEREST

Discussion:

Shire President, Cr. M T Bennett asked Councillors and staff if there were any Declarations of Interest to be made.

There were no declarations made.

8 REPORTS OF OFFICERS AND COMMITTEES

8.1 Title: Minor and Community Grants Scheme – Round 1 – 2019 - 2020

Reporting Department: Sustainable Development

Reporting Officer: Ms Melanie Ring - Culture & Community Services Officer

Legislation: Local Government Act 1995

Overview

This report summarises the Round 1 Minor and Community Grants requests that have been received from the Community.

The Corporate & Community Services Committee is tasked with considering these requests and recommending the distribution of grant funds from the 2019/20 budget allocation.

Background

The Minor and Community Grants Scheme is a bi-annual grant program delivered by the Shire of Dardanup. The purpose of the grants is to provide positive financial support to not for profit community groups/organisations, educational institutions and individuals to assist with the

(Appendix ORD: 12.7)

development of their chosen interest. Applications are assessed in accordance with the *Donations and Grants Policy CPO44*. (Appendix CCSC: 8.1A)

There are 4 categories that financial support can fall into:

- Educational.
- Community Groups/Organisations – Shire of Dardanup.
- Personal Development.
- Minor Community Event Assistance

The objective of the policy is to provide financial support to such requests that meet the policy criteria (subject to budget constraints) and promote the Shire of Dardanup as a positive, supportive and caring community organisation.

The policy sets out the criteria for each category of financial support available.

There are two categories of grants under the Minor and Community Grants Scheme that community groups can apply for:

- *Minor Community Grant*

Council may provide funding of less than \$1,000 with no matching contribution from the group.

- *Community Grant*

Council may fund between \$1,000 and \$5,000 towards a project with a matching 50:50 component from the community group.

Applications for 2019/20 Round 1, opened on Monday, 22 July 2019 closing on Monday, 19 August 2019. A Public Notice was placed in the Bunbury Mail and Bunbury Herald. The community grants were also advertised on our website, on Bunbury Community Radio, advertised on the electronic display trailer, Dardanup Times and posters displayed at various community locations within the Shire.

A total of 10 applications were received for both Minor Community Grants (Appendix CCSC: 8.1B) and Major Community Grants (Appendix CCSC:8.1C).

Legal Implications - None.

Strategic Community Plan

Strategy 3.2.1 - To encourage social connectedness in our community through participation in positive social networks, interaction and events. (Service Priority: Very High).

Strategy 3.3.1 - To promote and encourage volunteering within the Shire of Dardanup. (Service Priority: High).

Strategy 3.3.2 - Support volunteer groups within the Shire of Dardanup. (Service Priority: High).

Environment - None.

Precedents

The Minor and Community Grants Scheme has been running bi-annually for a number of years.

Budget Implications

- Council allocated \$49,880 to the Minor and Community Grants Scheme for 2019/20.
- The total amount of funding applied for in Round 1, totalled \$16,057.45.
- Leaving an available \$33,822.55 for Round 2 applicants.

Budget – Whole of Life Cost - None.

Council Policy Compliance

All applications for grant funding are required to comply with Policy CP044 and have been assessed against the relevant criteria. Consideration should be given to Policy Cost Shifting Assessment and this has been taken into consideration during the assessment process.

Risk Assessment - Low.

The risk is considered low, as all successful applicants must complete an acquittal once the project is complete. The acquittal requires the applicant to account for all funding provided through the Minor and Community Grants Scheme. Regular contact is made with the applicant to ensure they are abiding by the grant acceptance terms to which they agree to, once Council has approved their grant application.

Officer Comment

Applications have been assessed and all applications have been considered against the criteria of Policy CP044. See officer comments for further details (Appendix CCSC: 8.1B & 8.1C).

MINOR COMMUNITY GRANTS	
Dardanup Social Dance Inc.	\$787 in financial assistance to cover: <ul style="list-style-type: none">• Purchase of steel cabinet, dance placards and 10 litre urn. <i>Recommend approval: Yes</i>
Eaton Basketball Association	\$1,000 in financial assistance to cover: <ul style="list-style-type: none">• Purchase iPads, keyboards for iPads to upgrade to electronic scoring. Replace current scoring system (computers). iPads will have current software required to be used by Basketball WA. <i>Recommend approval: Yes – no funding opportunities available from the Department Sport and Recreation. Club will pay the difference of total project cost.</i>
Knits & Knots Craft Group	\$550 in financial assistance to cover: <ul style="list-style-type: none">• Purchase of wool, motifs and decorations for knitting and crocheting blankets to donate to those in need (locally and abroad). <i>Recommend approval: No – as blankets are primarily provided abroad and not locally.</i>
South West Montessori	\$899.95 in financial assistance to cover:

(Appendix ORD: 12.7)

MINOR COMMUNITY GRANTS	
	<ul style="list-style-type: none">To purchase a wooden climbing frame with slide to replace current slide and one swing. <p><i>Recommend approval: No – as the future use of the area for day care and patronage is under review.</i></p>
Tigers Softball Club Inc.	<p>\$657 in financial assistance to cover:</p> <ul style="list-style-type: none">Purchase iPad, cover and security as the club would like to move to electronic scoring, in line with the Bunbury and Districts Softball Association. <p><i>Recommend approval: Yes – no funding opportunities available from the Department Sport and Recreation. Club will pay the difference of total project cost.</i></p>

(Appendix ORD: 12.7)

MAJOR COMMUNITY GRANTS	
Bunbury and Districts Softball Association	<p>\$1,400 in financial assistance to cover:</p> <ul style="list-style-type: none">• Purchase iPads, security and product care as the club would like to move to electronic scoring. <p><i>Recommend approval: Yes – no funding opportunities available from the Department Sport and Recreation. Club will pay the difference of total project cost.</i></p>
Dardanup AeroModellers Society	<p>\$5,000 in financial assistance to cover:</p> <ul style="list-style-type: none">• Purchase and install unisex accessible toilet facility/change room. <p><i>Recommend approval: Yes.</i></p>
Dardanup Senior Citizens Inc.	<p>\$1,731 in financial assistance to cover:</p> <ul style="list-style-type: none">• Seniors trip to Mandurah including a river cruise. <p><i>Recommend approval: No.</i></p>
Eaton Lions	<p>\$2,809.50 in financial assistance to cover:</p> <ul style="list-style-type: none">• To purchase a generator for use at events they attend (such as Australia Day breakfast at the Eaton foreshore). <p><i>Recommend approval: Yes.</i></p>
Eaton Senior Citizens Assoc Inc.	<p>\$1,223 in financial assistance to cover:</p> <ul style="list-style-type: none">• Purchase TV to use for exercise classes and education for seniors. <p><i>Recommend approval: Yes.</i></p>

Council Role - Executive/Strategic.

Voting Requirements - Simple Majority.

Change to Officer Recommendation

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution.

- *Knits and Knots to be given approval for their application as they are an active group within the Dardanup Community.*

Note: Cr James Lee joined the meeting [2.37pm].

**OFFICER RECOMMENDED RESOLUTION &
CORPORATE & COMMUNITY SERVICES COMMITTEE RESOLUTION**

CCS 15-19 MOVED - Cr C Boyce SECONDED - Cr J Dow

THAT the Corporate & Community Services Committee recommends that Council:

1. Consider the applications received by the following groups under Round 1 Minor Community Grants 2019/20 - funding less than \$1,000 and

(a) Approve funding to the following organisations, and

MINOR COMMUNITY GRANTS (Funding of less than \$1,000)		
Dardanup Social Dance Inc.	Purchase steel cabinet, dance placards & urn	\$ 787.00
Eaton Basketball Association	Purchase iPads and keyboard for iPads	\$ 1,000.00
Tigers Softball Club Inc.	Purchase iPad, cover and security for electronic scoring	\$ 657.00
Knits and Knots Craft Group	Purchase wool, motifs and decorations for blankets to donate.	\$ 550.00
TOTAL		\$ 2,994.00

b) Decline funding to the following organisations.

MINOR COMMUNITY GRANTS (Funding of less than \$1,000)		
South West Montessori	Purchase wooden climbing frame for outside play	\$899.95
TOTAL		\$899.95

2. Consider the applications received by the following groups under Round 1 Community Grants 2019/20 - funding between \$1,000 - \$5,000 and

a) Approve funding to the following organisations, and

MAJOR COMMUNITY GRANTS (Funding between \$1,000-\$5,000 with a 50:50 matching component)		
Bunbury and Districts Softball Association	Purchase iPads, security and product care to move to electronic scoring	\$ 1,400.00
Dardanup AeroModellers Society	Purchase and install unisex accessible toilet/changeroom facility	\$ 5,000.00
Eaton Lions	Purchase generator	\$ 2,809.50
Eaton Senior Citizens Association Inc.	Purchase TV for exercise classes and education	\$ 1,223.00
TOTAL		\$ 10,432.50

(Appendix ORD: 12.7)

b) Decline funding to the following organisations.

MAJOR COMMUNITY GRANTS (Funding between \$1,000-\$5,000 with a 50:50 matching component)		
Dardanup Senior Citizens Inc.	Seniors trip	\$ 1,731.00
	TOTAL	\$ 1,731.00

CARRIED
6/0

8.2 Title: Leeuwin Scholarship Selection Panel

Reporting Department: Sustainable Development
Reporting Officer: Ms Melanie Ring - Culture & Community Services Officer
Legislation: Local Government Act 1995

Overview

Council is requested to confirm the 2019/2020 Leeuwin Scholarship selection panel.

Background

In previous years Council has supported youth development through sponsoring positions on the Sail Training Ship Leeuwin.

The number of scholarships offered is based on the amount allocated by Council each year plus any external sponsorship obtained from business and community groups.

Scholarship Timeline

Tuesday, 17 September	Applications Open
Friday, 1 November	Applications Close
Monday, 4 November to Friday 8 November	Selection Planning Process
Thursday, 14 November and Friday, 15 November	Interviews with young people
Friday, 22 November	Recommended candidates referred to Leeuwin Foundation for approval.

External funding secured in 2018/19 enabled a total of 2.5 scholarships to be offered, totalling five (5) young people the opportunity of a scholarship.

Lions Club of Dardanup is the sole external sponsor for 2019/20, sponsoring one full scholarship. No further external sponsorship is being sourced for 2019/20.

The voyage dates are confirmed as follows: Depart Bunbury 16 January 2020, arrive Fremantle 22 January 2020. Travel from Fremantle will be the financial responsibility of the successful Leeuwin participants.

Legal Implications

Applicants submit an Application Form which states the accepted terms and conditions of the Leeuwin Training course.

Strategic Community Plan

- Strategy 3.2.1 - To encourage social connectedness in our community through participation in positive social networks, interaction and events. (Service Priority: Very High)
- Strategy 5.2.2 - To enhance the sharing of knowledge by encouraging active citizenship through engagement in shared lifelong learning activities. (Service Priority: High)

Strategy 5.2.1 - To encourage physical activity by providing services and recreational facilities that encourage our community towards an active and healthy lifestyle. (Service Priority: Very High)

Environment None.

Precedents

The selection panel for 2018/19 comprised of Cr Patricia Perks and Cr Michael Bennett. Community Services Officer, Melanie Ring, was also involved in the panel process.

Budget Implications

\$5,000 is allocated in the 2019/2020 budget to support two youth scholarship positions on the Sail Training Ship Leeuwin, with one funded by Council and one funded through external support.

Budget – Whole of Life Cost - None.

Council Policy Compliance - None.

Risk Assessment - Low.

Officer Comment

Two (2) scholarship places have been booked through Leeuwin Ocean Adventure's, departing Bunbury and arriving in Fremantle, January 2020.

The past two years selection panels have consisted of two Councillors and this has proved to work well with the applicants.

It is proposed that the Community Services Officer participate again as a panel member in the interview and selection process, due to the level of background knowledge and broader role with community development.

Council is therefore requested to consider and appoint two (2) Councillors as panel members to participate in the 2019/20 scholarship.

Council Role - Executive/Strategic.

Voting Requirements - Simple Majority.

Change to Officer Recommendation No Change.

**OFFICER RECOMMENDED RESOLUTION &
CORPORATE & COMMUNITY SERVICES COMMITTEE RESOLUTION**

CCS 16-19 MOVED - Cr P Perks SECONDED - Cr M Bennett

THAT the Corporate & Community Services Committee recommends that Council supports the appointment of the following Elected Members and staff to the Leeuwin Scholarship Selection Panel to interview and recommend to Council preferred recipients of the Leeuwin Sailing Ship Scholarship for 2019/20:

- Cr James Lee
- Cr Janice Dow
- Culture and Community Services Officer, Melanie Ring

9. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

None.

10. NEW BUSINESS OF AN URGENT NATURE

None.

11. MATTERS BEHIND CLOSED DOORS

None.

12. CLOSURE OF MEETING

The Chairperson advises that the date of the next Corporate & Community Services Committee Meeting will be advised.

There being no further business the Chairperson declared the meeting closed at 2.48pm.

THE SATURDAY PAPER

NEWS

With overseas countries rejecting more and more of Australia's recycling, the federal and state governments are finally working towards a solution – 10 years after industry experts warned of the impending problem. By *Drew Rooke*.

Ending Australia's recycling chaos



Early one morning in July 2017, thick toxic smoke and ash started billowing from a waste recycling centre at Coolaroo, a suburb in Melbourne's north. Massive stockpiles of plastic and paper were ablaze.

Firefighters battled to control the fire, while residents of 115 homes nearby were evacuated, with many suffering nausea and breathing difficulties due to the smoke.

It wasn't the first time something like this had happened. There had been a number of other recent fires at the same waste centre, including one earlier that year. But this fire was unprecedented in its size; it burned for nearly two weeks.

The owner of the Coolaroo centre, SKM, and its director were charged earlier this year by the Environment Protection Authority with environmental offences related to the fire. More than 200 locals also launched a class action against SKM and, on August 1, the Victorian Supreme Court approved a \$1.2 million settlement.

The very next day, SKM itself went up in flames as the company was declared insolvent, and it emerged that SKM owed more than \$50 million to hundreds of creditors. SKM's founder Giuseppe "Joe" Italiano has blamed the company's collapse on a "witch hunt" by regulators.

"I've put millions of dollars into recycling, which no one else has," he told the *Sunday Herald Sun*. "I've run out of money to pay for bad management by Daniel Andrews and the rest of them."

SKM has not been accepting any new waste since July – plunging Victoria's recycling system into chaos. Across Melbourne, six massive warehouses rented by SKM are packed with bales of milk bottles, PET plastic containers, paper and cardboard stacked up to five metres high. It's likely most of this will be sent to landfill, with landowners forced to foot the bill.

“BECAUSE AUSTRALIA SENDS SO MUCH OF ITS WASTE OFFSHORE, WE LITERALLY HAVEN'T DEVELOPED FACTORIES THAT CAN PROCESS THIS WASTE.”

Prior to its insolvency, SKM was one of only three major recyclers in the state. It had contracts with 33 local councils in Victoria and handled approximately 300,000 tonnes of recyclable material every year – about half of the state's total amount. In a submission to the Victorian parliamentary inquiry into waste management, which is expected to hand down a final report in November, the company warned that if it went under, an extra 400,000 tonnes of recyclable material per year could be sent to landfill.

In an attempt to mitigate this risk, the Victorian government has thrown \$11.3 million at councils to help them cope with the fallout from SKM's closure. But not everyone is satisfied with this. Speaking to the ABC, City of Greater Geelong mayor Bruce Harwood labelled the funding announcement “barely tokenistic” and called on the state government to offer more practical assistance to local councils in dealing with the mess.

While Victoria finds itself in crisis, problems with waste management and recycling are widespread across Australia. As Pete Shmigel, chief executive of the Australian Council of Recycling, says: “Is there pressure on the systems in other states? Absolutely.”

Key to this pressure is the fact that other countries have closed their borders to accepting foreign waste – most disastrously China.

Over the past four years, China, which for the previous quarter-century recycled nearly half of the world's rubbish, implemented a series of strategies to halt the huge amount of contaminated recyclable materials that were overwhelming waste facilities and creating an environmental catastrophe. This culminated in January 2018, when Beijing enacted the National Sword policy, which restricted the importation of 24 types of solid waste, including various plastics and unsorted mixed papers.

At the time, Australia exported about 1.3 million tonnes of its recyclable material to China. According to a government-commissioned report by environmental consulting group Blue Environment, 99 per cent of this was affected by the new restrictions.

Then, in April this year, India – the fourth-largest importer of Australia's plastic waste – took similar action to China, imposing a blanket ban on recyclable plastic. Malaysia and Indonesia are expected to follow suit in coming years.

This has resulted in huge amounts of recyclable material that would have previously been exported being hazardedly stockpiled in warehouses or dumped in landfill across Australia. “Because Australia sends so much of its waste offshore, we literally haven't developed factories that can process this waste,” Linda Scott, president of Local Government New South Wales and deputy lord mayor of Sydney, tells *The Saturday Paper*.

The current crisis could have been mitigated – and possibly avoided entirely – if governments in Australia had listened to the warnings from industry about the volatility of global markets, according to Gayle Sloan, chief executive of the Waste Management and Resource Recovery Association of Australia. Sloan says governments should have advanced, rather than neglected, the 2009 National

Waste Policy, which was intended to guide national policy direction up to 2020 with 16 priority strategies for domestic waste, including promoting sustainable procurement practices and better management of packaging.

At a 2018 senate inquiry into waste and recycling in Australia, Sloan said that even if governments had pursued just a handful of the priority strategies, "Australia may well have progressed in creating secondary markets and a circular economy" and "would not have the continued reliance we have, to an extent, on global trading markets, such as China".

Compare this with the European Union, which in 2015 adopted an ambitious action plan for strengthening its own recycling market and transitioning towards a fully circular economy. Four years later, the plan is completed, with every one of the 54 strategies either being delivered or currently implemented.

Sloan places much of the blame for policy inaction in Australia specifically at the feet of those in Canberra. She tells *The Saturday Paper* that "government at a federal level absolutely took their eye off the ball" and "did not provide national leadership and co-ordination".

At the recent Council of Australian Governments (COAG) meeting, though, there was finally some progress in improving national waste management policy. State and territory leaders agreed "to establish a timetable to ban the export of waste plastic, paper, glass and tyres" and their respective environment ministers were asked to develop an exact timetable and response strategy to reduce waste and "maximise the capability of our waste management and recycling sector to collect, recycle, reuse, convert and recover waste".

This was quickly followed by a federal government announcement last Monday – \$20 million in funding to help grow Australia's domestic recycling industry. "We are committed to protecting our nation's environment while also building our capacity to turn recycling into products that people want and need," said Prime Minister Scott Morrison.

However, much more investment will probably be needed to build and support the domestic recycling industry if the promise to ban recycling exports – which last year totalled 4.5 million tonnes and cost Australia nearly \$3 billion – is to be fulfilled.

Linda Scott is calling on state governments "to invest 100 per cent of the waste levy into a statewide approach to waste and recycling, via councils". In 2016-17, for example, the NSW government collected \$659 million in waste levies, yet only 18 per cent of this was returned to local government.

Nonetheless, the commitments made at the COAG meeting and the federal government's funding announcement are "positive steps", says Gayle Sloan. "Hopefully we'll get some real action."

Pete Shmigel agrees with this sentiment. He says the COAG commitments and the new federal funding present a significant opportunity for Australia to "develop sustainable waste management strategies" and "start to become sovereign when it comes to our recycling as opposed to reliant on global patterns". Practical measures he wants to see implemented include an overhaul of the current kerbside recycling system so there is less contamination, and ambitious government procurement targets for recycled materials to help boost domestic demand.

"Governments are the biggest purchasers of goods and services in this country," he says. "So, if they, for example, were to demand or specify or determine that the country's biggest public assets should be built with recycled content instead of virgin materials, that would make a massive amount of difference."

According to Sam Davies, co-founder of the small-scale plastic recycling factory Defy Design, based in Sydney, individuals can also help by starting to think more deeply about waste – beyond the changes happening at a government level.

"At the moment we seem to be so disconnected from the consequences of our consumption habits," he says. "We put something in the bin and never see or think about it again."

“I think we all need to try and make an effort to reconnect with our own impact on the planet.”

This article was first published in the print edition of The Saturday Paper on Aug 17, 2019 as “Wasting in the wings”. [Subscribe here.](#)



Drew Rooke

is a freelance journalist and the author of *One Last Spin: the power and peril of the pokies.*
