



# AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

## AGENDA

2 December 2025

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**TABLE OF CONTENTS**

**1 DECLARATION OF OPENING..... 2**

**2 ATTENDANCE..... 2**

**3 CONFIRMATION OF PREVIOUS MINUTES..... 2**

**4 ITEMS FOR AUDIT COMMITTEE REVIEW..... 3**

*AC174 2024-25 AUDIT EXIT MEETING WITH OAG AND RSM ..... 3*

*AC175 2024-25 ANNUAL FINANCIAL REPORT..... 8*

*AC176 OFFICE OF THE AUDITOR GENERAL – PERFORMANCE AUDIT –  
    MAINTAINING REGIONAL LOCAL ROADS ..... 13*

**5 GENERAL BUSINESS LATE ITEM ..... 17**

**6 MEETING CLOSURE ..... 17**

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**CITY OF GREATER GERALDTON****AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING  
TO BE HELD ON TUESDAY 2 DECEMBER 2025 AT  
3.00PM CHAMBERS – CATHEDRAL AVENUE****A G E N D A****1 DECLARATION OF OPENING****2 ATTENDANCE**Present:

Michael Librizzi, Presiding Member  
Mayor Clune  
Deputy Mayor Colliver  
Cr Milnes  
Cr Van Styn

Officers:

R McKim, Chief Executive Officer  
N Jane, A/Director Corporate Services  
Chris Lee, Director Infrastructure Services  
Chris Edwards, Manager Project Delivery & Engineering  
T Machukera, A/Chief Financial Officer  
L Maldea, Manager Corporate Compliance  
M Jones, Minute Secretary

By Invitation:

Mark Ambrose, Senior Director, Office of the Auditor General  
Amit Kabra, Director, RSM Australia Pty Ltd  
Jaques Coetzer, Senior Manager, RSM Australia Pty Ltd

Apologies:

Paul Radalj, Director Corporate Services

Leave of Absence:**3 CONFIRMATION OF PREVIOUS MINUTES**

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 30 September 2025 as attached be accepted as a true and correct record of proceedings.



AUDIT COMMITTEE MEETING  
MINUTES

30 September 2025

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## TABLE OF CONTENTS

<b>1</b>	<b>DECLARATION OF OPENING.....</b>	<b>2</b>
<b>2</b>	<b>ATTENDANCE.....</b>	<b>2</b>
<b>3</b>	<b>CONFIRMATION OF PREVIOUS MINUTES.....</b>	<b>2</b>
<b>4</b>	<b>ITEMS FOR AUDIT COMMITTEE REVIEW.....</b>	<b>4</b>
	<i>AC166</i> PROGRESS REPORT ON AUDIT RECOMMENDATIONS – AUGUST 2025 ...	4
	<i>AC167</i> AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL.....	7
	<i>AC168</i> EXTERNAL AUDIT – RSM CONTRACT EXTENSION.....	16
	<i>AC169</i> CYBERSECURITY RISK REDUCTION ACTIVITIES .....	20
	<i>AC170</i> APPLICATION OF COUNCIL POLICY 4.28 MANAGING UNREASONABLE CUSTOMER CONDUCT.....	25
	<i>AC171</i> WORK HEALTH AND SAFETY IMPLEMENTATION PLAN STATUS UPDATE .....	29
	<i>AC172</i> RISK MANAGEMENT UPDATE .....	35
	<i>AC173</i> IBIS ERP PROJECT UPDATE.....	38
<b>5</b>	<b>GENERAL BUSINESS LATE ITEM .....</b>	<b>43</b>
<b>6</b>	<b>MEETING CLOSURE .....</b>	<b>43</b>

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**CITY OF GREATER GERALDTON****AUDIT COMMITTEE MEETING  
TO BE HELD ON TUESDAY 30 SEPTEMBER 2025 AT 3:30PM  
IN THE GREENOUGH ROOM – CIVIC CENTRE****MINUTES****1 DECLARATION OF OPENING**

The meeting was declared open by Mayor Clune at 3:30pm

**2 ATTENDANCE****Present:**

Mayor J Clune, Presiding Member  
Deputy Mayor, Cr N Colliver, Deputy Presiding Member  
Cr J Denton  
Cr M Librizzi

**Officers:**

R McKim, Chief Executive Officer  
P Radalj, Director Corporate Services  
C Lee, Director Infrastructure Services  
N Jane, Chief Financial Officer  
L Maldea, Manager Corporate Compliance  
M Jones, Coordinator Governance & Risk, Minute Secretary  
J Royce, Change Manager  
S Bishop, Manager ICT Services  
N Hope, Manager People, Safety & Wellbeing

**By Invitation:**

Nil

**Apologies:**

Nil

**Leave of Absence:****3 CONFIRMATION OF PREVIOUS MINUTES**

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on **20 May 2025** as attached be accepted as a true and correct record of proceedings.

**COMMITTEE DECISION**

**MOVED: Cr Denton SECONDED: Cr Librizzi**

**That the minutes of the City of Greater Geraldton Audit Committee held on 20 May 2025 as attached be accepted as a true and accurate record of proceedings.**

**CARRIED 4/0**

<b>Name</b>	<b>Vote (Yes or No)</b>
Mayor Clune	Yes
Cr Colliver	Yes
Cr Librizzi	Yes
Cr Denton	Yes

#### 4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC166	PROGRESS REPORT ON AUDIT RECOMMENDATIONS – AUGUST 2025
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<b>AGENDA REFERENCE:</b>	<b>D-25-104011</b>
<b>AUTHOR:</b>	<b>N Jane, Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>3 September 2025</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020-003</b>
<b>ATTACHMENTS:</b>	<b>Yes x1 Confidential Progress Report on Audit Recommendations</b>

#### **EXECUTIVE SUMMARY:**

The purpose of this report is to provide the Audit Committee with an update on the progress of actions taken by management to implement audit recommendations.

#### **EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. RECEIVE the Progress Report on Management Actions from Financial, Information System and internal audits.

#### **PROPONENT:**

The proponent is the City of Greater Geraldton (the City).

#### **BACKGROUND:**

When receiving audit reports, the Audit Committee requested progress updates on implementation of the proposed management actions. The progress reports provided, address audits completed up to August 2025. Items previously reported as completed have been removed and updates included on all remaining actions.

The report provides updates on actions from:

- 2024 Financial Management Systems Review
- 2024 Audit Regulation 17 Review
- 2020 Audit Regulation 17 Review
- 2024 Compliance Obligations Review
- 2024-25 IT General Controls Audit
- 2025 Asset Management and Disposal of Assets
- 2024 Fraud and Corruption Control Plan Review

A summary of action status for this report:

- Completed – 13
- In Progress - 44

**CONNECTED, LIVEABLE, THRIVING, LEADING –  
ISSUES AND OPPORTUNITIES:****Connected:**

There are no adverse impacts.

**Liveable:**

There are no adverse impacts.

**Thriving:**

There are no adverse impacts.

**Leading:**

Monitoring the actions resulting from audits assists the Audit Committee to fulfill its governance and oversight responsibilities. The report enables the Audit Committee to monitor the timeliness of agreed actions and understand the reasons for any delay.

***Disclosure of Interest:***

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

A progress report on audit recommendations is provided to the committee regularly. The most recent was AC 162 – Progress Report on Audit Recommendations – April 2025 – 22 April 2025.

**COMMUNITY/COUNCIL MEMBER CONSULTATION:**

There has been no community/Council Member consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995*, section 1.4 – auditor means Auditor General

*Local Government Act 1995*, section 6.4 – requirement to prepare an annual financial report

*Local Government Act 1995*, section 7.12AD – auditor to prepare report on financial audit

*Local Government (Audit) Regulations 1996*, regulation 16 – audit committee functions

*Local Government (Audit) Regulations 1996*, regulation 17 – review of systems and procedures in relation to risk management, internal control and legislative compliance, conducted every 3 financial years

*Local Government (Financial Management) Regulations 1996*, regulation 5 – review of systems and procedures, conducted every 3 financial years

**FINANCIAL AND RESOURCE IMPLICATIONS:**

The annual budget makes provision for conducting required audit activities.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

Part of the Audit Committee function is to mitigate risks to Council. Each audit report, both internal and external, assigns a risk rating to findings. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequences of adverse outcomes if action is not taken. Consideration is given to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence). Management provides responses to each of the findings. Regular reporting on progress by management ensures that risks are appropriately mitigated.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.

**COMMITTEE DECISION**

**MOVED: Cr Librizzi SECONDED: Cr Colliver**

- 1. RECEIVE the Progress Report on Management Actions from Financial, Information System and internal audits.**

**CARRIED 4/0**

<b>Name</b>	<b>Vote (Yes or No)</b>
Mayor Clune	Yes
Cr Colliver	Yes
Cr Librizzi	Yes
Cr Denton	Yes

Cr Librizzi asked if the administration is appropriately mitigating risk, given that there are still four high risk items noted in the Progress Report.

CEO noted the task is proceeding and is comfortable with the progress. CEO and Director CS are closely monitoring the progress of the remaining items. It was noted that multiple actions can sometimes address a single risk, meaning one action may effectively close out several related tasks. Director CS noted 60% of the items relate to the IBIS ERP project.

AC167	AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL
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<b>AGENDA REFERENCE:</b>	<b>D-25-103349</b>
<b>AUTHOR:</b>	<b>N Jane, Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>3 September 2025</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020-003</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to seek Audit Committee endorsement of the Annual Report of activities, for the period 1 July 2023 to 30 June 2024 and 1 July 2024 to 30 June 2025.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2023 to 30 June 2025
2. SUBMIT the summary of Audit Committee activities for the period 1 July 2023 to 30 June 2025 to Council as the Audit Committee Annual Report of activities.

**PROPONENT:**

The proponent is the City of Greater Geraldton (the City).

**BACKGROUND:**

In accordance with the *Local Government Act 1995* section 7.1A(1):

*“A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.”*

The provisions of the City of Greater Geraldton Audit Committee Terms of Reference require reporting to Council:

*5.2 The Committee shall report annually to the Council summarising its activities during the previous financial year.*

Below is a summary of the activities of the Audit Committee for the period 1 July 2023 to 30 June 2025 for the purpose of providing the above-mentioned report to Council:

**Audit Committee Meeting - 12 December 2023**

Report Number	Title	Decision
AC132	Exit Interview OAG and RSM	1. RECEIVE the Office of Auditor General overview of the audit findings for the year ended 30 June 2023 (as outlined in the draft Audit Closing Report); and

		2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the audit
AC133	Review of the Audit Committee Terms of Reference	1. ENDORSE the Audit Committee Terms of Reference 2023
AC134	Audit Committee Annual Report to Council	1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2022 to 30 June 2023; and 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2022 to 30 June 2023 to Council as the Audit Committee Annual Report of activities.

### Audit Committee Meeting – 23 January 2024

Report Number	Title	Decision
AC135	2022-23 Annual Financial Report	1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2023; 2. RECEIVE the Audit Report for the financial year ended 30 June 2023; 3. NOTE that the Auditor has provided an unqualified audit opinion for the Annual Financial Report year ended 30 June 2023; 4. RECOMMEND to Council the adoption of the Audited Financial Report for the year ended 30 June 2023; and 5. NOTE the findings identified during the audit and REQUEST they be listed for review until completed.
AC136	Risk Management Update	1. NOTE the status of the City of Greater Geraldton's risk management profile; and 2. REQUIRE the CEO to report back to the Audit Committee on the ongoing status of the City's risk profile which is to include: (a) An updated management action plan to close out the LGIS/March report findings; (b) An update on the completed enterprise risks internal review program; and (c) A completed risk maturity assessment
AC137	2023-2024 Work Health & Safety Implementation Plan	1. RECEIVE the 2023-2024 Work Health & Safety Implementation Plan; and 2. REQUIRE an update on the status of the 2023-2024 Work Health & Safety Implementation Plan at the next Audit Committee.

AC138	Application of Council Policy 4.28 Managing Unreasonable Customer Conduct	<p>1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct; and</p> <p>2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.</p>
AC139	Confidential – Cybersecurity Risk Reduction Activities	<p>1. NOTE the risk reduction activities and their progress.</p>
AC140	Progress Report on Audit Recommendations – January 2024	<p>1. RECEIVE the Progress Reports on Management Actions from Financial Statement, Information System and internal audits.</p>
AC141	Strategic Internal Audit Plan 2021-2025	<p>1. ENDORSE the auditable areas for 2024 as:</p> <ul style="list-style-type: none"> <li>(a) Annual review of Strategic Internal Audit Plan;</li> <li>(b) Review of prior year recommendations – Internal Audit;</li> <li>(c) Review of prior year recommendations – External Audit</li> <li>(d) Fraud and Corruption Control Plan Audit (for 2023);</li> <li>(e) Financial Management Systems Review;</li> <li>(f) Audit Regulation Review</li> <li>(g) Management of Compliance Obligations Review; and</li> </ul> <p>2. REQUEST an update on progress at the next Audit Committee meeting.</p>
AC142	Compliance Audit Return 2023	<p>1. REVIEW the results of the Compliance Audit Return 2023; and</p> <p>2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2023, at the Ordinary Meeting of Council on 27 February 2024.</p>
AC143	Fraud and Corruption Control Plan Audit 2022	<p>1. RECEIVE the Fraud and Corruption Control Plan Audit 2022;</p> <p>2. ENDORSE the actions taken or proposed to be taken by staff to resolve items identified in the report; and</p> <p>3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee meeting.</p>

**Audit Committee Meeting – 23 April 2024**

<b>Report Number</b>	<b>Title</b>	<b>Decision</b>
AC144	Audit Entrance Meeting with OAG and RSM	1. RECEIVE the Audit Planning Memorandum for the year ending 30 June 2024; and 2. PROVIDE FEEDBACK on the Audit Planning Memorandum.
AC145	Risk Management Update	1. NOTE the status of the City of Greater Geraldton's risk management profile; and 2. RECEIVE the completed Risk Maturity Assessment.
AC146	2023-2024 Work Health & Safety Implementation Plan Status Update	1. RECEIVE the 2023-2024 Work Health & Safety Implementation Plan Status Update; and 2. REQUIRE an update on the status of the 2023-2024 Work Health & Safety Implementation Plan at the next Audit Committee.
AC147	Progress Report on Audit Recommendations – April 2024	1. RECEIVE the Progress Reports on Management Actions from Financial Statement, Information System and internal audits.
AC148	Financial Management Systems Review 2024	1. RECEIVE the Financial Management Systems Review 2024; 2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.
AC149	Audit Regulation 17 Review 2024	1. RECEIVE the Audit Regulation 17 Review 2024; 2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.

AC150	Strategic Internal Audit Plan 2021-2025 – Progress Report on Actions	<ol style="list-style-type: none"> <li>1. RECEIVE the progress update on the Strategic Internal Audit Plan 2021-2025 actions for 2024;</li> <li>2. RECEIVE the internal audit report on Management of Compliance Obligations review; and</li> <li>3. REQUEST an update on progress at the next Audit Committee meeting.</li> </ol>
AC151	Fraud and Corruption Control Plan Audit 2023	<ol style="list-style-type: none"> <li>1. RECEIVE the Fraud and Corruption Control Plan Audit 2023;</li> <li>2. ENDORSE the actions taken or proposed to be taken by staff to resolve items identified in the report; and</li> <li>3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee meeting.</li> </ol>

### Audit Committee Meeting – 18 February 2025

Report Number	Title	Decision
AC152	Strategic Internal Audit Plan 2021-2025	<ol style="list-style-type: none"> <li>1. ENDORSE the auditable areas for 2025 as:               <ol style="list-style-type: none"> <li>(a) Annual review of Strategic Internal Audit Plan</li> <li>(b) Review of prior year recommendations – Internal Audits</li> <li>(c) Review of prior year recommendations – External Audits</li> <li>(d) Fraud and Corruption Control Framework, Policy and Procedures Review</li> <li>(e) Asset Management including accounting processes</li> <li>(f) Disposal of Assts processes review; and</li> </ol> </li> <li>2. REQUEST an update on progress at the next Audit Committee meeting.</li> </ol>
AC153	Progress Report on Audit Recommendations – January 2025	<ol style="list-style-type: none"> <li>1. RECEIVE the Progress Reports on Management Actions from Financial, Information System, and internal audits.</li> </ol>
AC154	Compliance Audit Return 2024	<ol style="list-style-type: none"> <li>1. REVIEW the results of the Compliance Audit Return 2024, and</li> <li>2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2024, at the Ordinary Meeting of Council on 25 February 2025.</li> </ol>

AC155	2024 Cybersecurity Risk Reduction Activities	1. NOTE the risk reduction activities and their progress
AC156	2024 Geraldton Airport CASA Surveillance Audit Report	1. RECEIVE the Geraldton Airport 2024 CASA Surveillance Audit Report; 2. RECEIVE Airport Full Surveillance Safety Finding Response; and 3. RECEIVE CASA Safety Finding Acquittal Letter.
AC157	Application of Council Policy 4.28 Managing Unreasonable Customer Conduct	1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct; and 2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.
AC158	Fraud and Corruption Control	1. RECEIVE the update on fraud and corruption control including proposed internal audit activities for 2025

#### Audit Committee Meeting – 26 March 2025

Report Number	Title	Decision
AC159	2023-24 Audit Exit Meeting with OAG and RSM	1. RECEIVE the Office of Auditor General overview of the audit findings for the year ended 30 June 2024 (as outlined in the draft Audit Closing Report); and 2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the audit

**Audit Committee Meeting – 22 April 2025**

<b>Report Number</b>	<b>Title</b>	<b>Decision</b>
AC160	2023-24 Annual Financial Report	<ol style="list-style-type: none"> <li>1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2024;</li> <li>2. RECEIVE the Audit Report for the financial year ended 30 June 2024;</li> <li>3. NOTE that the Auditor has provided an unqualified audit opinion for the Annual Financial Report year ended 30 June 2024;</li> <li>4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2024; and</li> <li>5. NOTE the findings identified during the audit and REQUEST they be listed for review until completed.</li> </ol>
AC161	Audit Entrance Meeting with OAG and RSM	<ol style="list-style-type: none"> <li>1. RECEIVE the Audit Planning Memorandum for the year ending 30 June 2025; and</li> <li>2. PROVIDE FEEDBACK on the Audit Planning Memorandum.</li> </ol>
AC162	Progress Report on Audit Recommendations – April 2025	<ol style="list-style-type: none"> <li>1. RECEIVE the Progress Reports on Management actions from Financial, Information System, and internal audits.</li> </ol>

**Audit Committee Meeting – 20 May 2025**

<b>Report Number</b>	<b>Title</b>	<b>Decision</b>
AC163	Internal Audit Report – Asset Management and Disposal of Assets 2025	<ol style="list-style-type: none"> <li>1. RECEIVE the internal audit report on Asset Management and Disposal of Assets 2025; and</li> <li>2. REQUEST an update on progress at the next Audit Committee meeting</li> </ol>
AC164	Strategic Internal Audit Plan 2025-2030	<ol style="list-style-type: none"> <li>1. ENDORSE the development and delivery of a Strategic Internal Audit Plan 2025-2030;</li> <li>2. ENDORSE the scope of the plan to include: <ol style="list-style-type: none"> <li>(a) Financial Management Systems Review (as required by Financial Management Regulation 5)</li> <li>(b) Review of systems and procedures (as required by Audit Regulation 17)</li> <li>(c) Follow up on previous internal, external and performance audit recommendations</li> <li>(d) Fraud and Corruption Control Plan Audit</li> </ol> </li> </ol>

		(e) Project Management (f) Tender Management (g) Service Contract Management (h) Lease and Agreement Management (i) Vehicle and Fleet Management (j) PRIS Management (k) Risk Management (l) Review of internal audits conducted during 2021-2025.
AC165	Fraud and Corruption Control Plan Review 2025	1. RECEIVE the Fraud and Corruption Control Plan Review. 2. ENDORSE the actions taken or proposed to be taken by staff to resolve items identified in the report; and 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting

### **CONNECTED, LIVEABLE, THRIVING, LEADING – ISSUES AND OPPORTUNITIES:**

#### **Connected:**

There are no adverse impacts.

#### **Liveable:**

There are no adverse impacts.

#### **Thriving:**

There are no adverse impacts.

#### **Leading:**

The Audit Committee supports the goals of financial sustainability, clear and accessible information about the City's decisions and high-quality governance activities that enable transparency and accountability.

#### ***Disclosure of Interest:***

No Officer involved in the preparation of this report has a declarable interest in this matter.

### **RELEVANT PRECEDENTS:**

The Audit Committee Annual Report of activities 2022-2023 was reviewed by the Audit Committee on 12 December 2023, report AC134, and the Council on 30 January 2024, Item No. CS088.

### **COMMUNITY/COUNCIL MEMBER CONSULTATION:**

There has been no community or Committee Member consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995* section 7.1A  
*Local Government (Audit) Regulations* regulation 16.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 5	Provide the community with clear and accessible information about the City's programs, services and decisions.
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The primary objective of the Audit Committee is to assist the Council in fulfilling their oversight responsibilities in relation to risk management, internal control, compliance with legislative provisions, and financial and performance reporting. The Annual Report of Audit Committee activities enable Council to review the annual activities of the Committee and corresponding recommendations and is a requirement under clause 5.2 of the Audit Committee Terms of Reference.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.

**COMMITTEE DECISION**

**MOVED: Cr Colliver SECONDED: Cr Denton**

- 1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2023 to 30 June 2025**
- 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2023 to 30 June 2025 to Council as the Audit Committee Annual Report of activities.**

**CARRIED 4/0**

<b>Name</b>	<b>Vote (Yes or No)</b>
Mayor Clune	Yes
Cr Colliver	Yes
Cr Librizzi	Yes
Cr Denton	Yes

AC168	EXTERNAL AUDIT – RSM CONTRACT EXTENSION
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<b>AGENDA REFERENCE:</b>	<b>D-25-104008</b>
<b>AUTHOR:</b>	<b>N Jane, Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>2 September 2025</b>
<b>FILE REFERENCE:</b>	<b>FM/3/0013</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to advise the Audit Committee of an additional one year contract awarded to RSM.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* to:

1. ACKNOWLEDGE the advice from Office of the Auditor General that an additional one year contract has been awarded to RSM to undertake the 2026 financial audit.

**PROPONENT:**

The proponent is the Office of the Auditor General (OAG).

**BACKGROUND:**

The *Local Government Amendment (Auditing) Act 2017* made legislative changes that gave the Auditor General the mandate to audit Western Australian local governments. The Act allows the Auditor General to contract out some or all of the financial audits, but all audits remain the responsibility of the Auditor General.

In 2021, the OAG advised the appointment of RSM as the contract auditor who would undertake the audits for the period 2020-21 to 2022-23. In 2023, this was extended to include 2023-24 and 2024-25. The OAG have now advised that a further one-year contract extension has been provided to RSM to undertake the 2025-26 financial audit.

**CONNECTED, LIVEABLE, THRIVING, LEADING – ISSUES AND OPPORTUNITIES:****Connected:**

There are no adverse impacts.

**Liveable:**

There are no adverse impacts.

**Thriving:**

There are no adverse impacts.

**Leading:**

The Audit Committee supports the goals of financial sustainability, clear and accessible information about the City's decisions and high-quality governance activities that enable transparency and accountability.

**Disclosure of Interest:**

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

In AC102 Entrance Meeting – OAG & RSM – 31 May 2021, the Audit Committee were advised that RSM had been appointed as the contract auditor to undertake the audits for the period 2020-21 to 2022-23.

In AC132 Exit Interview OAG and RSM – 12 December 2023, the Audit Committee were advised that the contract was extended with RSM to include the 2023-24 and 2024-25 financial years.

**COMMUNITY/COUNCIL MEMBER CONSULTATION:**

There has been no community/Council Member consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995, section 1.4 Terms used:*

**auditor** means —

- (a) *in relation to an audit, other than a performance audit —*
  - (i) *in relation to a local government that has an audit contract that is in force — a person for the time being appointed under Part 7 Division 2 to be the auditor of the local government; and*
  - (ii) *in relation to a local government that does not have an audit contract that is in force — the Auditor General;*
- and*
- (b) *in relation to a performance audit — the Auditor General;*

*Local Government Act 1995, section 6.4 Financial report:*

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
  - (a) *be prepared and presented in the manner and form prescribed;*
  - and*
  - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
  - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
  - (b) *the annual financial report of the local government for the preceding financial year.*

*Local Government Act 1995, section 7.12AD Reporting on a financial audit:*

- (1) *The auditor must prepare and sign a report on a financial audit.*

- 
- (2) *The auditor must give the report to —*
- (a) *the mayor, president or chairperson of the local government; and*
  - (b) *the CEO of the local government; and*
  - (c) *the Minister.*

*Local Government (Audit) Regulations 1996, section 16:*

*An audit committee has the following functions —*

- (a) *to guide and assist the local government in carrying out —*
  - (i) *its functions under Part 6 of the Act; and*
  - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) *to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*
  - (i) *report to the council the results of that review; and*
  - (ii) *give a copy of the CEO's report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
  - (i) *regulation 17(1); and*
  - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government —*
  - (i) *is required to take by section 7.12A(3); and*
  - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
  - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
  - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

**FINANCIAL AND RESOURCE IMPLICATIONS:**

Provision is made in the annual budget to undertake the audit function.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
<b>Goal 6</b>	Ensure high quality governance activities enabling transparency and accountability.

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

No risks associated with this item.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.

**COMMITTEE DECISION**

**MOVED: Cr Librizzi SECONDED: Cr Denton**

- 1. ACKNOWLEDGE the advice from Office of the Auditor General that an additional one year contract has been awarded to RSM to undertake the 2026 financial audit.**

**CARRIED 4/0**

<b>Name</b>	<b>Vote (Yes or No)</b>
Mayor Clune	Yes
Cr Colliver	Yes
Cr Librizzi	Yes
Cr Denton	Yes

AC169	CYBERSECURITY RISK REDUCTION ACTIVITIES
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<b>AGENDA REFERENCE:</b>	<b>D-25-110812</b>
<b>AUTHOR:</b>	<b>S Bishop, Manager ICT Services</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>12 September 2025</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020-003</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

This report provides an overview of key cyber and information risk reduction activities performed in 2025, including both strategic initiatives and ongoing operational efforts.

These activities directly support the City's objectives to enhance resilience, protect critical assets, and ensure compliance as outlined in the Cybersecurity Strategy 2023-2027.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. NOTE the risk reduction activities and their progress.

**PROPONENT:**

The proponent is the City of Greater Geraldton (the City).

**BACKGROUND:**

During 2022, Council endorsed Policy 4.6, Information Security Management System (ISMS). This policy outlines the City's framework and approach to information security. It ensures the confidentiality, integrity, and availability of assets and services.

The first step in developing the ISMS was to create a cybersecurity strategy. This strategy was endorsed by the Executive Management Team in July 2023.

A key feature of the strategy is its alignment with the Australian Signals Directorate (ASD) Information Security Manual (ISM). The City is also committed to achieving security maturity level 2 of the Essential Eight (E8) strategies. The Essential Eight (E8) are a set of baseline cybersecurity strategies recommended by the ASD to mitigate cyber threats. Achieving maturity level 2 indicates that key controls are implemented and regularly reviewed.

The following details highlight progress on strategic priorities contained within the strategy. These priorities are designed to support achievement of the security maturity target and overall uplift in the City's security posture.

**Priority: Accountability and Awareness**

**Objective:** Assign roles and responsibilities for the management of security risk and the ISMS.

- **Strategic Activity:** An operational security policy is in draft and will contain assignment of the roles and responsibilities for information security.
- **Operational Activity:** Security awareness training is delivered to all staff as part of a monthly program. Along with this training, the City runs simulated phishing campaigns to assess staff ability to recognise potential email threats. Performance is tracked using metrics such as click rates—indicating how often staff interact with suspicious messages—and reporting rates.

**Priority: Information Security Management System (ISMS)**

**Objective:** Develop, maintain, and improve ISMS artefacts and management of risk and security.

- **Strategic Activity:** An operational information security policy is currently in draft.
- **Strategic Activity:** Development and maintenance of operational standards continue. The following standards have progressed since the last update:
  - ISMS – Firewall Management Standard was published.
  - ISMS – Data Protection and Encryption Standard is now in development.

**Priority: Protect confidential and sensitive information**

**Objective:** Identify, assess, and classify confidential, sensitive, and private information.

- **Strategic Activity:** As part of Privacy and Responsible Information Sharing (PRIS) legislation requirements, a data discovery exercise was conducted to identify information systems used by the organisation. The Business Systems Register that was produced is now being used to audit platforms to ensure appropriate access controls are in place.

**Priority: Identify, assess, and treat security risks**

**Objective:** Establish risk-based controls and processes in the evaluation and analysis over information assets and services.

- **Strategic Activity:** In 2024, a project was initiated to improve the discovery and treatment of software vulnerabilities across the City's technology landscape. This included consolidating multiple, previously separate security tools into the Microsoft Security stack—a suite of integrated security solutions developed by Microsoft. Central to this

effort was the deployment of a Vulnerability Management Solution, which automates the identification and risk scoring of cybersecurity vulnerabilities. Several processes have been updated or created because of the improved visibility provided by these systems.

- **Operational Activity:** Once identified and assessed, vulnerabilities are added to the City's Cybersecurity risk register. The City regularly monitors this risk register and applies mitigation or remediation as required.
- **Operational Activity:** In June 2025 formal Security Testing was completed. These exercises are designed to test the City's security controls in a simulated cybersecurity attack. This year's testing included external and internal penetration testing as well as Wi-Fi vulnerability scanning. The remediation of the findings from the exercise is ongoing.

**Priority: Incident response and recovery capability**

**Objective:** Strengthen incident response, business continuity and disaster recovery.

- **Strategic Activity:** The City's network and internet resilience is being upgraded as part of an ongoing network redesign project. This will elevate the City's ability to operate during disaster events and minimise networking disruptions across the organisation. This revised network topography will define a new ICT Business Continuity Plan.
- **Operational Activity:** The City conducts regular ICT activities to test its backup and recovery processes. A full data recovery exercise was conducted in March 2025.

Quarterly backup testing is also performed for limited data sets. These were performed in February, May, and August 2025.

- **Operational Activity:** A Cybersecurity Incident Response Plan (CIRP) table-top exercise was conducted in May 2025. Learnings from this exercise are currently being incorporated into the CIRP.

**Priority: Measure and Improve**

**Objective:** Benchmark our security posture. Identify and prioritise areas for improvement and continually measure progress.

- **Strategic Activity:** In March 2025 the City began utilising a platform that provides for continual assessment of cybersecurity controls against the E8 model. As the City implements more controls, evidence is uploaded to the platform which assesses for effectiveness and outputs an Essential 8 Maturity score (from 0 to 3.0). The City aims to achieve a maturity level score of 2.0. It currently sits at 1.4 in September 2025 (up from the previous score of 1.18 in June).

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## **CONNECTED, LIVEABLE, THRIVING, LEADING – ISSUES AND OPPORTUNITIES:**

### **Connected:**

There are no adverse impacts.

### **Liveable:**

There are no adverse impacts.

### **Thriving:**

There are no adverse impacts.

### **Leading:**

The activities described in this report are aligned to strategic priorities within the City's Cybersecurity Strategy 2023-2027.

### *Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

## **RELEVANT PRECEDENTS:**

City officers have previously updated the Audit Committee on cybersecurity risk reduction activities in February 2025.

## **COMMUNITY/COUNCIL MEMBER CONSULTATION:**

There has been no community/Council Member consultation.

## **LEGISLATIVE/POLICY IMPLICATIONS:**

The incoming *Privacy and Responsible Information Sharing Act 2024* (PRIS Act) introduces a requirement that the City must notify the Information Commissioner and affected individuals in the event of serious data breaches as well as establishing and maintaining an information breach register.

## **FINANCIAL AND RESOURCE IMPLICATIONS:**

Cybersecurity risk detection and treatment come with both financial and resourcing overheads. A case-by-case basis is used to determine value for money when utilising internal or outsourced resources.

## **INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 2	Efficiently and effectively deliver community services and projects, through optimal use of our resources.
Goal 3	Financial sustainability, actively seeking and leveraging external funding to deliver for the community.
Goal 5	Provide the community with clear and accessible information about the City's programs, services and decisions.
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

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**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The activities described in this report are focused on identifying, assessing, and remediating or mitigating cybersecurity risks.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.

**COMMITTEE DECISION**

**MOVED: Cr Librizzi SECONDED: Cr Colliver**

1. **NOTE the risk reduction activities and their progress.**
2. **REQUEST councillors be included in online PSAT training and testing.**

**CARRIED 4/0**

<b>Name</b>	<b>Vote (Yes or No)</b>
Mayor Clune	Yes
Cr Colliver	Yes
Cr Librizzi	Yes
Cr Denton	Yes

Cr Librizzi requested that Councillors are provided with Cybersecurity awareness training (PSAT training and testing) which Cr Colliver agreed and requested that it form part of the Committee Decision.

AC170	APPLICATION OF COUNCIL POLICY 4.28	MANAGING UNREASONABLE CUSTOMER CONDUCT
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<b>AGENDA REFERENCE:</b>	<b>D-25-111384</b>
<b>AUTHOR:</b>	<b>N Hope, Manager People Safety and Wellbeing</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>15 September 2025</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020-003</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to update the Audit Committee on the application of Council Policy 4.28 Managing Unreasonable Customer Conduct, listing the number of customers to whom the policy has applied in the 2024/25 reporting year.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.
2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial.

**PROPONENT:**

The proponent is the City of Greater Geraldton (the City).

**BACKGROUND:**

The *City of Greater Geraldton Council Policy 4.28 Managing Unreasonable Customer Conduct* has a set of strategies to manage the risks to the City's resource management, staff health and productivity, posed by a growing prevalence of unreasonable conduct by a small number of high-demand customers.

The policy objectives are to provide the overarching principles and guidance as the basis for a fair, equitable and transparent mechanism for dealing with unreasonable conduct by customers that will achieve an effective balance between:

- Meeting the genuine needs of customers fairly and equitably;
- Providing a safe working environment for staff, volunteers and elected members;
- Providing a safe experience for customers of the City; and
- Ensuring that City resources are used efficiently, effectively and equitably, to manage the City's responsibilities to discharge its statutory functions and represent the interests of all persons in the District.

Council Policy 4.28 Managing Unreasonable Customer Conduct, reporting requirements list that annually, at the first Audit Committee meeting held after the close of the relevant financial year, the Chief Executive Officer (CEO) will report to the committee.

In the 2024/25 financial year, the City of Greater Geraldton reports the following:

<p><i>The number of customers to whom this policy has been applied in 2024/25</i></p>	<p>0</p>
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While the City continues to encounter instances of unreasonable customer conduct, the need to apply Council Policy 4.28 Managing Unreasonable Customer Conduct has not increased. This is largely attributed to the presence of CCTV, security personnel and police attendance and intervention when required.

**CONNECTED, LIVEABLE, THRIVING, LEADING – ISSUES AND OPPORTUNITIES:**

**Connected:**

The City continues to strengthen internal collaboration and external partnerships to ensure a consistent and coordinated approach to managing unreasonable customer conduct, fostering a safer and more respectful community environment.

**Liveable:**

A safe and healthy work environment contributes to the overall liveability of the City, reinforcing our commitment to the wellbeing of employees and the broader community.

**Thriving:**

By effectively managing unreasonable customer conduct, the City supports a productive and resilient workforce, enabling staff to focus on delivering high-quality services that contribute to community wellbeing and growth.

**Leading:**

The City demonstrates leadership through the responsible application of Council Policy 4.28 Managing Unreasonable Customer Conduct, setting clear expectations for respectful engagement and reinforcing its commitment to a values-driven and accountable public service.

*Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

Council review or amend Council Policies as and when required.

**COMMUNITY/COUNCIL MEMBER CONSULTATION:**

There has been no community/Council Member consultation in the 2024/25 financial year.

**LEGISLATIVE/POLICY IMPLICATIONS:**

Pursuant to section 2.7 of the *Local Government Act 1995* the role of Council includes determination of Council Policies:

**2.7. Role of council**

- (1) *The council governs the local government's affairs and, as the local government's governing body, is responsible for the performance of the local government's functions.*
- (2) *The council's governing role includes the following —*
  - (a) *overseeing the allocation of the local government's finances and resources;*
  - (b) *determining the local government's policies;*
  - (c) *planning strategically for the future of the district;*
  - (d) *determining the services and facilities to be provided by the local government in the district;*
  - (e) *selecting the CEO and reviewing the CEO's performance;*
  - (f) *providing strategic direction to the CEO.*

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are currently no financial or resource implications. However, should an incident arise that requires the presence of security, either on a short or long-term basis this would result in additional costs to the City.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 2	Efficiently and effectively deliver community services and projects, through optimal use of our resources.
Goal 3	Financial sustainability, actively seeking and leveraging external funding to deliver for the community.
Goal 5	Provide the community with clear and accessible information about the City's programs, services and decisions.
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

Council Policy 4.28 Managing Unreasonable Customer Conduct and its associated processes is wholly associated with mitigating the risk to City employees and the users or attendees at City facilities.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.

**COMMITTEE DECISION**

**MOVED: Cr Librizzi SECONDED: Cr Denton**

1. **NOTE** the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.
2. **REQUIRE** the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial.

**CARRIED 4/0**

<b>Name</b>	<b>Vote (Yes or No)</b>
Mayor Clune	Yes
Cr Colliver	Yes
Cr Librizzi	Yes
Cr Denton	Yes

Cr Librizzi enquired as to the frequency of security or police at CGG venues. CEO advised that the number is frequent. Manager People, Safety and Wellbeing advised that there are several processes in place to support staff.

Cr Denton asked if the City had an internal process assist staff in dealing with difficult situations as a result of public interaction. Manager People, Safety and Wellbeing responded that staff have access to HR Advisers, Employee Assistance Program and their Manager.

AC171	WORK HEALTH AND SAFETY IMPLEMENTATION PLAN STATUS UPDATE
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<b>AGENDA REFERENCE:</b>	<b>D-25-111625</b>
<b>AUTHOR:</b>	<b>N Hope, Manager People, Safety and Wellbeing</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>16 September 2025</b>
<b>FILE REFERENCE:</b>	<b>RM/8/0030</b>
<b>ATTACHMENTS:</b>	<b>Yes x3</b>
	<b>A. Work Health &amp; Safety Implementation Plan - Status Update September 2025</b>
	<b>B. WHS Foundation Audit Report</b>
	<b>C. LGIS 3 Steps to Safety Assessment</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to provide an update to the Audit Committee of the status of the City of Greater Geraldton 2024-2025 Work Health & Safety Implementation Plan.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. RECEIVE the 2024-25 Work Health & Safety Implementation Plan Status Update;
2. RECEIVE the WHS Foundation Audit Report; and
3. RECEIVE the LGIS 3 Steps to Safety Audit Report.

**PROPONENT:**

The proponent is the City of Greater Geraldton (the City).

**BACKGROUND:**

In January 2024, the City submitted the 2023–2024 Work Health and Safety (WHS) Implementation Plan to the Audit Committee. The Plan outlined the strategic direction for WHS, serving as a framework to guide and report on future safety actions and initiatives. This report provides a status update on the actions outlined in the Plan, as well as broader achievements and developments within the WHS function.

**TEAM UPDATE:**

Throughout 2024, the WHS Team operated under significant resource constraints, which impacted its ability to deliver at the scale aligned with the City's aspirations. Despite these challenges, the successful recruitment of a Senior Safety Specialist and two WHS Advisors, one of whom is permanently based at the Depot has significantly enhanced the team's capability and reach.

A structural change also saw the WHS Team transition to report under the newly established People, Safety and Wellbeing branch. This change has been

positively received across the organisation, improving visibility and alignment of safety initiatives with broader people and wellbeing strategies.

The newly formed team brings renewed energy, diverse perspectives, and a shared commitment to delivering meaningful safety outcomes. The team's initial focus was relationship-building as a means to build an engaged and stronger safety culture across the City.

### **WORK HEALTH AND SAFETY PLAN - Status Update September 2025**

Progress continues to be made in implementing key actions outlined in the Work Health and Safety Implementation Plan, once again reflecting our ongoing commitment to fostering a safe and supportive workplace.

Over the past six months, the WHS Team and key stakeholders have successfully completed several audit actions items as well as the adhoc requirements under the plan. These actions have contributed to improved hazard reporting and incident rates and stronger engagement with safety protocols.

Overall, the plan is tracking well, with momentum building toward our next phase of continuous improvement. *See Attachment A - Work Health & Safety Plan - Status Update September 2025.*

### **AUDIT REPORTS:**

Recommendations from previous audit reports have either been completed or are currently under review, with all applicable actions being implemented. A detailed spreadsheet outlining implementation progress is attached.

In line with the City's WHS audit commitments, two external audits were conducted:

- September 2024: Work Health and Safety Foundation Audit
- May 2025: LGIS "3 Steps to Safety" Assessment

Findings from both audits affirmed the City's strong commitment to WHS, highlighting the integration of safety into both organisational culture and daily operations. Notably, the City was awarded the LGIS Diligence in Safety Silver Certificate, achieving an impressive overall score of 79%.

LGIS Senior Consultant Katherine Kempin, commended the City's continued development since the 2022 audit, particularly in the area of volunteer management, a newly assessed category in the 2025 audit. While this section has traditionally reduced scores across the sector, the City maintained its performance, reflecting the strength of its volunteer safety practices.

**2022****Overall Scores**

Category	Member Score	Available Score	Section Achievement
Management Commitment	26	32	<b>81%</b>
Planning	22	36	<b>61%</b>
Consultation and Reporting	20	28	<b>71%</b>
Hazard Management	17	28	<b>61%</b>
Training and Supervision	15	28	<b>54%</b>
<b>Overall Score</b>	<b>100</b>	<b>152</b>	<b>66%</b>

**2025****Overall Scores**

Category	Member Score	Available Score	Section Achievement
Management Commitment	30	32	<b>94%</b>
Planning	24	36	<b>67%</b>
Consultation and Reporting	22	28	<b>79%</b>
Hazard Management	25	32	<b>78%</b>
Training and Supervision	24	28	<b>86%</b>
Volunteer Management	27	36	<b>75%</b>
<b>Overall Score</b>	<b>152</b>	<b>192</b>	<b>79%</b>

The above comparison highlights the City's progress, areas of focus, and the positive trajectory of our safety initiatives.

**SAFETY MANAGEMENT SYSTEM PROGRESS:**

The City's Work Health and Safety Management System is currently undergoing development through Phase Three of the IBIS implementation.

A key focus has been the Hazard and Incident Reporting system, which plays a critical role in capturing, escalating, investigating, and resolving WHS-related events. A comprehensive Desktop Analysis (DTA) was conducted to assess current reporting processes and identify opportunities for improvement. The review highlighted several limitations in the existing system, which relies on Nintex forms, manual workflows, and spreadsheets.

Engagement across WHS roles informed the analysis, ensuring that future solutions align with operational needs and user experience expectations. This

feedback was instrumental in shaping the evaluation of potential system solutions and ensuring that future improvements align with operational needs and user expectations.

### **CONNECTED, LIVEABLE, THRIVING, LEADING – ISSUES AND OPPORTUNITIES:**

#### **Connected:**

The City continues to build strong internal and external relationships to support a collaborative approach to workplace safety, ensuring all staff feel supported and informed.

#### **Liveable:**

A safe and healthy work environment contributes to the overall liveability of the City, reinforcing our commitment to the wellbeing of employees and the broader community.

#### **Thriving:**

By fostering a proactive safety culture, the City empowers its workforce to thrive, enhancing productivity and resilience across all service areas.

#### **Leading:**

The City demonstrates leadership through its transparent and accountable WHS practices, setting a benchmark for safety excellence in local government.

#### ***Disclosure of Interest:***

No Officer involved in the preparation of this report has a declarable interest in this matter.

### **RELEVANT PRECEDENTS:**

The Audit Committee previously considered WHS as follows:

- AC091 Work Health & Safety Bill update
- AC108 Work Health & Safety Update
- AC116 Internal Audit Safety Management Systems Improvement Action Plan Update
- AC123 LGIS External Audit of Work Health & Safety Systems
- AC137 2023 - 2024 Work Health & Safety Implementation Plan

### **COMMUNITY/COUNCIL MEMBER CONSULTATION:**

There has been no community/Council Member consultation.

### **LEGISLATIVE/POLICY IMPLICATIONS:**

*Work Health and Safety Act 2020*

*Work Health and Safety (General) Regulations 2022*

Operational Policy 041 Workplace Health and Safety

City of Greater Geraldton Safety Management Plan

City of Greater Geraldton Safety Management System

### **FINANCIAL AND RESOURCE IMPLICATIONS:**

The implementation and ongoing management of Work Health and Safety (WHS) obligations require the allocation of appropriate resources to ensure compliance. These operational requirements are incorporated into the City's

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workforce planning and annual budgeting processes to support sustained delivery and accountability.

#### **INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 2	Efficiently and effectively deliver community services and projects, through optimal use of our resources.
Goal 3	Financial sustainability, actively seeking and leveraging external funding to deliver for the community.
Goal 5	Provide the community with clear and accessible information about the City's programs, services and decisions.
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

#### **REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

#### **RISK MANAGEMENT:**

The implementation of a compliant Work Health and Safety (WHS) management system represents a critical control within the City's overarching risk management and compliance framework. It is fundamental to the effective identification, mitigation, and management of workplace health and safety risks inherent to local government operations.

#### **ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.

#### **COMMITTEE DECISION**

**MOVED: Cr Colliver SECONDED: Cr Librizzi**

- 1. RECEIVE the 2024-25 Work Health & Safety Implementation Plan Status Update;**
- 2. RECEIVE the WHS Foundation Audit Report; and**
- 3. RECEIVE the LGIS 3 Steps to Safety Audit Report.**

**CARRIED 4/0**

<b>Name</b>	<b>Vote (Yes or No)</b>
Mayor Clune	Yes
Cr Colliver	Yes
Cr Librizzi	Yes
Cr Denton	Yes

Cr Librizzi said that whilst an improvement is noted in the Work Health & Safety Implementation Status Update, percentages continue to require improvement.

Manager People, Safety and Wellbeing responded that a Safety team has now been recruited, and the team is closely working with the organisation to understand and implement the Work Health & Safety Implementation Plan.

Director CS advised that they are reshaping the monitoring and reporting, the safety actions need to be at a reasonable level so that it's not overly complicated.

CEO stated that it is hard to find an organisational appropriate safety system. Manager People, Safety and Wellbeing advised we are developing our own system through IBIS ERP Project.

AC172	RISK MANAGEMENT UPDATE
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<b>AGENDA REFERENCE:</b>	<b>D-25-114350</b>
<b>AUTHOR:</b>	<b>P Radalj, Director Corporate Services</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>19 September 2025</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020-003</b>
<b>ATTACHMENTS:</b>	<b>YES</b>
	<b>A. Risk Management Framework V5</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to provide an update to the Audit Committee on the City's risk management review.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. NOTE the status of the risk management review currently being undertaken.

**PROPONENT:**

The proponent is the City of Greater Geraldton (the City).

**BACKGROUND:**

Definitions Risk categories:

**Strategic Risks** – Associated with achieving the City's long-term objectives. Strategic risks generally relate to external events beyond the City's control to influence, for example legislation changes, loss of government funding and climate change etc. Strategic risks are identified and managed at EMT level.

**Enterprise Risks** – Operational, day to day activities, functions, infrastructure and services. Enterprise risks generally affect the whole of City operations and are within the City's ability to influence and control. Enterprise risks are identified and managed at EMT and Manager level.

**Departmental Risks** - Operational, day to day activities, functions, infrastructure and services. Departmental risks are identified and managed at Manager level.

**Project Risks** – Captures risks associated with potential impacts to operational activities and those associated with the delivery of the project itself. Project risks may include a mix of strategic (risks outside City control) and operational risks. Project Risks are identified and managed by the Project Leadership team and the appointed Project Manager.

A full review of the City's Risk Management Framework is currently being undertaken and will include the following:

- Review of all categories of risk as defined above and including a three (3) step process of risk identification, analysis and evaluation.
- Reconfiguration of risk management software for more effective monitoring, control and reporting.
- Review of risk related policies.

- Review and updated version of the Risk Management Framework.

Project Plan to deliver all components of the review will be as follows:

- EMT/Governance review of Strategic & Enterprise Risks to be completed by end of September.
- Directorate and branches review of Departmental Risks to be completed by end of November.
- Software system reconfigured and operational (including control and reporting features) by end of December.
- Related policies reviewed and updated where required by end of January.
- New version of Risk Management Framework in draft and ready for review by ARIC by February 2026.

### **CONNECTED, LIVEABLE, THRIVING, LEADING – ISSUES AND OPPORTUNITIES:**

#### **Connected:**

There are no adverse impacts.

#### **Liveable:**

There are no adverse impacts.

#### **Thriving:**

There are no adverse impacts.

#### **Leading:**

Review of the Risk Management Framework ensures that Council remains current, compliant and effective in the management of City activities.

#### *Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

### **RELEVANT PRECEDENTS:**

- AC084 – Risk Management Profile – 2 December 2019
- AC120 – Risk Management Profile – 19 April 2022
- AC124 – Risk Management Update - 13 December 2022
- AC136 – Risk Management Update - 23 January 2024

### **COMMUNITY/COUNCIL MEMBER CONSULTATION:**

There has been no community/Council Member consultation.

### **LEGISLATIVE/POLICY IMPLICATIONS:**

This item has compliance and policy implications as follows:

- *Local Government (Audit) Regulations 1996, Regulation 17*
- City of Greater Geraldton Risk Management Framework
- Council Policy CP4.7 Risk Management
- Council Policy CP4.24 Risk Appetite and Tolerance

**FINANCIAL AND RESOURCE IMPLICATIONS:**

The review will be managed by the Governance Team with whole of organisation input and resourcing.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 5	Provide the community with clear and accessible information about the City's programs, services and decisions.
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

Regular corporate risk management reviews are essential because they keep the risk management framework current, effective, and aligned with an evolving business environment, allowing organizations to identify and address emerging risks, ensure compliance, and improve controls to safeguard operations and future success.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.

**COMMITTEE DECISION**

**MOVED: Cr Denton SECONDED: Cr Librizzi**

- NOTE the status of the risk management review currently being undertaken.**

**CARRIED 4/0**

<b>Name</b>	<b>Vote (Yes or No)</b>
Mayor Clune	Yes
Cr Colliver	Yes
Cr Librizzi	Yes
Cr Denton	Yes

Cr Librizzi questioned aspects of the Risk Management Framework. According to the framework, the CEO involvement in mitigating and reporting on risks occurs when a risk is classified Extreme or High Risk. Cr Librizzi notes CEO should be involved earlier.

Director CS stated the review includes updates to the Risk Policy and Risk Management Framework, and the Cr's feedback will be taken into consideration.

AC173	IBIS ERP PROJECT UPDATE
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<b>AGENDA REFERENCE:</b>	<b>D-25-111583</b>
<b>AUTHOR:</b>	<b>D Duff, Manager ERP Project</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>16 September 2025</b>
<b>FILE REFERENCE:</b>	<b>GP/11/0020-003</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to provide the Audit Committee with a progress update on the IBIS ERP Project.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. NOTE the progress, successes, and challenges of the IBIS ERP Project.

**PROPONENT:**

The proponent is the City of Greater Geraldton (the City).

**BACKGROUND:**

IBIS ERP Project, the City's project to replace the SynergySoft ERP, began in April 2022. Originally programmed to be implemented across two (2) releases, the programme was updated in May 2023 to span four (4) phases. This change resulted in a more linear approach to implementation alongside an expected increase to project duration. However, it also provided a logical grouping of functional modules to be implemented with potential to improve projected internal resourcing requirements and reduce the chances of change fatigue.

The four phases, functional groups, and modules are identified as follows.

**Phase 1 – Functional Groups – Financials, Human Resources & Payroll, and Supply Chain Management:**

- General Ledger (completed)
- Taxation (completed)
- Asset Accounting (completed)
- Banking (completed)
- Accounts Payable (completed)
- Organisation Management (completed)
- Payroll (completed)
- Workforce Management (completed)
- Safety (deferred to phase 3)
- Purchasing (completed)
- Enterprise Content Management – connected content (in progress)

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**Phase 2 – Financials, Supply Chain Management, Enterprise Asset Management, and Strategic Asset Management:**

- Purchase Card Management (deferred to phase 4)
- Travel & Expenses (deferred to Phase 4)
- eInvoicing (deferred to Phase 4)
- Intelligent Invoice Processing (completed)
- Enterprise Budgeting (completed)
- PPLGS (deferred to Phase 3)
- Inventory (completed)
- Contracts (completed)
- Reviews (completed)
- Sourcing (deferred indefinitely)
- Talent and Succession (completed)
- Recruitment (completed)
- Training (completed)
- Asset Management (in progress)
- Project management (in progress)
- Works Management (in progress)
- Spatial GIS (in progress)
- Strategic Asset Management Core (deferred to Phase 4)

**Phase 3 – Enterprise Content Management, Revenue and Compliance:**

- Document Management – Hard Copy (in progress)
- Records Management – Retention and Disposal (completed)
- Property Management (in progress)
- Names Management (in progress)
- Enterprise Cash Receipting (in progress)
- Debtors (in progress)
- Billing (in progress)
- Waste (planned)
- Developer Applications (planned)
- Permits and Licenses (planned)
- Bonds and Guarantees (planned)
- Enforcements (planned)
- Certificates (planned)
- Leases and Licences (planned)
- Cemeteries (planned)
- Policy Management (planned)
- Infringements (planned)
- Animal Management (planned)
- Request Management including Digital Experience Platform (in progress)

**Phase 4 – Enterprise Content Management, Strategic Asset Management:**

- ECM Front End Document Management (planned)
- Strategic Asset Management - Advanced (planned)

In summary, the implementation consists of seven (7) functional groups and fifty (50) modules of which eighteen (18) are completed, twelve (12) are in progress/on-going, and twenty (20) are planned to begin.

Completed modules are primarily related to Finance, Supply Chain Management, and Human Resources & Payroll. With the latter performing functions entirely from the new ERP as all those modules have been implemented. In addition, the project team managed the migration of Intramaps (GIS) to TechnologyOne GIS Spatial Cloud.

Modules in progress and where effort is at present primarily focused are Enterprise Asset Management (including project management), Request Management/DXP, and Property and Rating revenue modules. The latter also includes legacy ERP data cleansing and synchronisation to the replacement ERP.

DXP will be the digital platform for customer service providing an interconnected system with a centralised location for name records, content, and more.

The 'planned' portion of modules relate mostly to Property and Rating compliance modules, functions delivered by the Development Services Directorate.

A constant challenge to the project to date and moving forward relates to project resourcing. This includes consultant resourcing from the ERP provider TechnologyOne and availability of internal subject matter experts (SME). The internal resourcing constraint stems from challenges with back-filling SME positions. The City finds it difficult at times to fill certain full-time positions, highlighting that short term temporary positions have and will be more difficult to fill. To supplement TechnologyOne resourcing constraints a pool of external providers proficient with the TechnologyOne product and that have an awareness of local government functions and processes have been engaged.

Feedback from project team members and subject matter experts engaged with consultants from the external pool has been positive and would be their preference for implementation consultancy. External consultants provide for a consistent touch point during implementation and have shown to have advanced knowledge on the TechnologyOne product, often being ex-employees of the company. Therefore, being investigated is the viability, for the remainder of the project to utilise external consultants for actual configuration activities where subject matter expert availability is constrained and to supplement TechnologyOne resourcing to ensure the project remains within budget, timeframes, and scope.

The IBIS ERP project, initially slated to run for three (3) years is at present projected to conclude in its entirety during 2027 with a reduction in levels of activity as it progresses toward this target.

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## **CONNECTED, LIVEABLE, THRIVING, LEADING – ISSUES AND OPPORTUNITIES:**

### **Connected:**

A modern ERP system enhances connectivity by integrating data across departments, enabling timely and coordinated responses that make public spaces safer, services more inclusive, and residents more engaged.

### **Liveable:**

A modern ERP promotes a more liveable City through improved service delivery and an expansion of online services.

### **Thriving:**

There are no adverse impacts.

### **Leading:**

An ERP makes Council operations more transparent, accountable, and data-driven, ensuring decisions reflect community priorities and resources are used wisely.

### *Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

## **RELEVANT PRECEDENTS:**

There are no relevant precedents. This is the first IBIS ERP project update provided to the Audit Committee.

## **COMMUNITY/COUNCIL MEMBER CONSULTATION:**

Council awarded RFT 2122 03 ERP Software Replacement to Technology One at its meeting 29 March 2022 (Item No. CCS682).

## **LEGISLATIVE/POLICY IMPLICATIONS:**

There are no legislative or policy implications.

## **FINANCIAL AND RESOURCE IMPLICATIONS:**

\$2.5million has been allocated in the 2025-26 Annual Budget for IBIS project implementation which includes both internal and external resourcing costs.

## **INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 2	Efficiently and effectively deliver community services and projects, through optimal use of our resources.
Goal 3	Financial sustainability, actively seeking and leveraging external funding to deliver for the community.
Goal 5	Provide the community with clear and accessible information about the City's programs, services and decisions.
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The current ERP application, Synergysoft, is a decades old system that has not kept pace with technology or customer expectations. Replacing the ERP with a modern, cloud based, and customer accessible product ensures the Council keeps pace with those expectations whilst improving its operations.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers. This report is provided to the Audit Committee as an update only.

**COMMITTEE DECISION**

**MOVED: Cr Denton SECONDED: Cr Librizzi**

1. **NOTE the progress, successes, and challenges of the IBIS ERP Project.**

**CARRIED 4/0**

<b>Name</b>	<b>Vote (Yes or No)</b>
Mayor Clune	Yes
Cr Colliver	Yes
Cr Librizzi	Yes
Cr Denton	Yes

Cr Librizzi asked if the shortage of Subject Matter Experts (SME) had been addressed.

Director CS replied that shortages are still a challenge. The use of internal SMEs is preferred, however while employees have the technical knowledge, that knowledge and skillset may not translate to the IBIS ERP project. Internal SMEs are used for some projects and training, while gaps are filled with external consultants.

**5 GENERAL BUSINESS LATE ITEM**

Mayor Clune expressed his thanks to Cr Librizzi as this is his last meeting.

CFO updated the Committee and explained that the finance team submitted the draft Annual Financial Report that day in line with the legislated deadline.

Mayor Clune thanked everyone who is on the committee. The roles on the Audit Committee are getting bigger with new regulations frequently coming in.

**6 MEETING CLOSURE**

There being no further business, the meeting closed by Mayor Clune 4:31pm.

#### 4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC174	2024-25 AUDIT EXIT MEETING WITH OAG AND RSM
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<b>AGENDA REFERENCE:</b>	<b>D-25-142317</b>
<b>AUTHOR:</b>	<b>T Machukera, A/ Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>N Jane, A/ Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>2 December 2025</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020-003</b>
<b>ATTACHMENTS:</b>	<b>Yes (x5) 3x Confidential</b>
	<b>A. Exit Meeting Agenda</b>
	<b>B. Confidential – Audit Planning Memorandum</b>
	<b>C. Confidential – Interim Management Letter</b>
	<b>D. Confidential – Audit Closing Report</b>

#### EXECUTIVE SUMMARY:

The purpose of this report is to enable an Audit Exit Meeting to be conducted for the 2024-25 Financial Audit. It provides an opportunity for the Office of Auditor General (OAG) and contract auditor RSM Australia, to discuss the draft Closing Report and Management Letter, and to address any matters arising from the audit process.

#### EXECUTIVE RECOMMENDATION:

That the Audit, Risk and Improvement Committee (ARIC) by Simple Majority pursuant to Section 7.1C. of the *Local Government Act 1995* RESOLVES to:

1. RECEIVE the Office of Auditor General overview of the audit findings for the year ended 30 June 2025 (as outlined in the draft Audit Closing Report); and
2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the Audit.

#### PROPONENT:

The proponent is the City of Greater Geraldton (the City).

#### BACKGROUND:

The Auditor General is responsible for the auditing of local governments within Western Australia *Local Government (Audit) Regulations 1996*. The Auditor General engaged RSM to conduct the financial audit for the City on their behalf, initially for the three years to 30 June 2023. The contract has been extended to include the 2023-24 and 2024-25 financial years.

In accordance with section 7.12A(2) of the *Local Government Act 1995* (the Act), a local government is to meet with its auditor at least once each year. The Audit Committee met with representatives of the Auditor General and contract auditors RSM Australia on 22 April 2025 for the Audit Entrance Meeting (AC161) and receive the Audit Planning Memorandum for the year ending 30 June 2025 (Attachment B).

The interim audit was conducted by RSM on behalf of the OAG and included an onsite visit from 12 to 16 May 2025.

Section 6.4(3)(b) of the Act requires submission of the annual financial report by 30 September following each financial year. The 2024-25 Financial Report was prepared and submitted on 30 September 2025, in compliance with the Act.

The final audit was conducted by RSM on behalf of the OAG. The audit was mostly remote, with onsite visit from 13 to 17 October 2025. RSM performed testing on all areas of the accounts, with a focus on areas they consider to be of high risk.

A separate item for Audit, Risk and Improvement Committee consideration to receive the Annual Financial Report, the Audit Report and Management Letter for 2024-25 is presented to this meeting.

## **CONNECTED, LIVEABLE, THRIVING, LEADING – ISSUES AND OPPORTUNITIES:**

### **Connected:**

There are no adverse impacts.

### **Liveable:**

There are no adverse impacts.

### **Thriving:**

There are no adverse impacts.

### **Leading:**

Holding an Exit Meeting provides opportunity for the Audit Committee to undertake its functions, including discussion of audit findings.

### *Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

## **RELEVANT PRECEDENTS:**

Each year an audit entrance and exit meeting is held with the Auditor General, the contract auditor and the Audit Committee.

After the 2025 Council elections, the previous Audit Committee has been disbanded, and a new committee has been established and renamed Audit, Risk and Improvement Committee in accordance with the Local Government Reforms.

Item AC131 – Audit Entrance meeting with OAG and RSM (held on 26 April 2023).

Item AC132 – Audit Exit meeting with OAG and RSM (held on 12 December 2023).

Item AC144 – Audit Entrance Meeting with OAG and RSM (held on 23 April 2024).

Item AC159 – Audit Exit Meeting with OAG and RSM (held on 26 March 2025).

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Item AC161 – Audit Entrance Meeting with OAG and RSM (held on 22 April 2025).

**COMMUNITY/COUNCIL MEMBER CONSULTATION:**

There has been no community/Council Member consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995, section 6.4 Financial report:*

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
  - (a) *be prepared and presented in the manner and form prescribed; and*
  - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
  - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
  - (b) *the annual financial report of the local government for the preceding financial year.*

*Local Government Act 1995, section 7.12A Duties of local government with respect to audits:*

- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*

*Local Government Act 1995, section 7.12AD Reporting on a financial audit:*

- (1) *The auditor must prepare and sign a report on a financial audit.*
- (2) *The auditor must give the report to —*
  - (a) *the mayor, president or chairperson of the local government; and*
  - (b) *the CEO of the local government; and*
- (c) *the Minister.*

*Local Government (Audit) Regulations 1996, section 16 Functions of audit committee:*

*An audit committee has the following functions —*

- (a) *to guide and assist the local government in carrying out —*
  - (i) *its functions under Part 6 of the Act; and*
  - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) *to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*

- (i) *report to the council the results of that review; and*
- (ii) *give a copy of the CEO's report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
  - (i) *regulation 17(1); and*
  - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government —*
  - (i) *is required to take by section 7.12A(3); and*
  - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
  - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
  - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

#### **FINANCIAL AND RESOURCE IMPLICATIONS:**

Provision is made in the annual budget to undertake the audit function.

#### **INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 2	Efficiently and effectively deliver community services and projects, through optimal use of our resources.
Goal 3	Financial sustainability, actively seeking and leveraging external funding to deliver for the community.
Goal 5	Provide the community with clear and accessible information about the City's programs, services and decisions.
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

#### **REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The Audit, Risk and Improvement Committee is part of the lines of defence which work together to manage risks and ensure that controls are implemented and effective.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered.



## Exit Meeting Agenda

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### FINANCIAL ATTEST AUDIT OF CITY OF GREATER GERALDTON FOR THE YEAR ENDED 30 JUNE 2025

#### ATTENDEES:

##### City of Greater Geraldton:

###### Committee Members

Mayor J Cline  
Cr N Colliver  
Cr T Milnes  
Cr S Van Styn  
Mr M Librizzi

###### Attendees

Ross McKim, Chief Executive Officer  
Chris Lee, Director Infrastructure Services  
Nita Jane, Acting Director Corporate Services  
Temba Machukera, Acting Chief Financial Officer  
Chris Edwards, Manager Project Delivery and Engineering  
Larisa Maldea, Manager Corporate Compliance  
Michael Jones, Minute Secretary

#### Auditors

Mark Ambrose                      Senior Director, Office of the Auditor General  
Amit Kabra                              Director, RSM Australia Pty Ltd  
Jacques Coetzer                      Senior Manager, RSM Australia Pty Ltd

**Meeting Date & Time:** Tuesday, 02 December 2025, 3:00 PM

**Location:** Teleconference

#### Agenda

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- 1 Introduction
- 2 Matters arising from the audit
  - 2.1 Findings: Information Systems

#### Findings

1. Network Active Directory (AD) Access Management
2. SynergySoft – Access Management
3. Batch Job Monitoring
4. Data Loss Protection
5. TechOne Access Management
6. Artificial Intelligence (AI) Controls
7. IT Governance – Policies and Procedures

#### 3 Actions for next year audit

#### 4 General and closing comments

AC175	2024-25 ANNUAL FINANCIAL REPORT
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<b>AGENDA REFERENCE:</b>	<b>D-25-142365</b>
<b>AUTHOR:</b>	<b>T Machukera, A/ Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>N Jane, A/ Director Corporate Services</b>
<b>DATE OF REPORT:</b>	<b>2 December 2025</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020-003</b>
<b>ATTACHMENTS:</b>	<b>Yes (x4) 2x Confidential</b>
	<b>A. 2024-25 Annual Financial Report</b>
	<b>B. Confidential – Management Letter (Same as AC 174 Attachment C)</b>
	<b>C. Confidential – Auditors Closing Report (Same as AC 174 Attachment D)</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is for the Audit, Risk and Improvement Committee to consider and accept the 2024-25 Annual Financial Report and Auditor's Report.

**EXECUTIVE RECOMMENDATION:**

That the Audit, Risk and Improvement Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2025;
2. RECEIVE the Auditors Closing Report for the financial year ended 30 June 2025;
3. NOTE that the Auditor has provided an unqualified audit opinion for the Annual Financial Report for the year ended 30 June 2025;
4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2025;
5. NOTE the findings identified during the audit; and
6. REQUEST the identified findings to be listed for review until completed.

**PROPONENT:**

The proponent is the City of Greater Geraldton (the City).

**BACKGROUND:**

Section 6.4.(3)(b) of the *Local Government Act 1995* (the Act) requires submission of the annual financial report by 30 September following each financial year. The 2024-25 Financial Report was prepared and submitted on 30 September 2025, in compliance with the Act.

The final audit was conducted by RSM on behalf of the OAG. The audit was mostly remote, with an onsite visit from 13 to 17 October 2025. They performed testing on all areas of the accounts, with a focus on areas they consider to be of high risk.

At the conclusion of the audit, the following final reports have been issued:

- Independent Auditor's Report
- Management Letter
- Auditors Closing Report

These reports along with the Audited Financial Report for the year ended 30 June 2025 are attached for the information of the Audit, Risk and Improvement Committee.

## **CONNECTED, LIVEABLE, THRIVING, LEADING –**

### **ISSUES AND OPPORTUNITIES:**

#### **Connected:**

The report outlines the financial allocations and expenditures for programs and activities that support the City's commitment to building an engaged and diverse community. The City invests in programs and infrastructure that promote safety, inclusion, and social cohesion.

#### **Liveable:**

This report outlines financial activity related to the City's efforts to create a greener, healthier, and more sustainable environment. The City is committed to enhancing liveability through strategic investments in green infrastructure, sustainable practices, and community wellbeing.

#### **Thriving:**

This report outlines financial activity related to programs and projects that contribute to a thriving local economy. The City continues to invest in initiatives that foster economic vitality and supports local businesses.

#### **Leading:**

The Audit, Risk and Improvement Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting.

#### *Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

### **RELEVANT PRECEDENTS:**

Item AC135 – 2022-23 Annual Financial Report (held on 23 January 2024)

Item AC160 – 2023-24 Annual Financial Report (held on 22 April 2025)

### **COMMUNITY/COUNCIL MEMBER CONSULTATION:**

No community consultation has been undertaken.

The annual financial report and audit report are included in the City's Annual Report, which will be presented to Council for adoption, then released to the community as a public document.

The annual report is subsequently presented to an annual meeting of electors and made available on the City website

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995, section 1.4 Terms used:*

**auditor means —**

- (a) *in relation to an audit, other than a performance audit —*
  - (i) *in relation to a local government that has an audit contract that is in force — a person for the time being appointed under Part 7 Division 2 to be the auditor of the local government; and*
  - (ii) *in relation to a local government that does not have an audit contract that is in force — the Auditor General;*
- and*
- (b) *in relation to a performance audit — the Auditor General;*

*Local Government Act 1995, section 6.4 Financial report:*

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
  - (a) *be prepared and presented in the manner and form prescribed; and*
  - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
  - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
  - (b) *the annual financial report of the local government for the preceding financial year.*

*Local Government Act 1995, section 7.12A Duties of local government with respect to audits:*

- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*

*Local Government Act 1995, section 7.12AD Reporting on a financial audit:*

- (1) *The auditor must prepare and sign a report on a financial audit.*
- (2) *The auditor must give the report to —*
  - (a) *the mayor, president or chairperson of the local government; and*
  - (b) *the CEO of the local government; and*
- (c) *the Minister.*

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*Local Government (Audit) Regulations 1996, section 16 Functions of audit committee:*

*An audit committee has the following functions —*

- (a) to guide and assist the local government in carrying out —*
  - (i) its functions under Part 6 of the Act; and*
  - (ii) its functions relating to other audits and other matters related to financial management;*
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*
  - (i) report to the council the results of that review; and*
  - (ii) give a copy of the CEO's report to the council;*
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
  - (i) regulation 17(1); and*
  - (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) to oversee the implementation of any action that the local government —*
  - (i) is required to take by section 7.12A(3); and*
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
  - (iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.*

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications from receiving these reports.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 2	Efficiently and effectively deliver community services and projects, through optimal use of our resources.
Goal 3	Financial sustainability, actively seeking and leveraging external funding to deliver for the community.
Goal 5	Provide the community with clear and accessible information about the City's programs, services and decisions.
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

Findings outlined in the management letter have been assigned a risk rating by the auditor. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and consequences of adverse outcomes if action is not taken.

Consideration is given to potential adverse outcomes in the context of both quantitative and qualitative impact.

Management have provided responses to each of the findings.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.



# City of Greater Geraldton

FINANCIAL REPORT

## for the year ended 30 June 2025



**Financial Report**

for the year ended 30 June 2025

Contents	Page
<b>Statement by CEO</b>	<b>2</b>
<b>Primary Financial Report</b>	
Statement of comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Statement of financial activity	7
<b>Notes to the Financial Statements</b>	<b>9</b>
<b>Independent auditor's report</b>	<b>59</b>

**Content Overview**

- i) These financial statements are General Purpose Financial Statements and cover the consolidated operations.
- ii) All figures presented in these financial statements are presented in Australian Currency.
- iii) Council has the power to amend and reissue the financial statements.

## Financial Report

for the year ended 30 June 2025

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*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

### Statement by CEO

The accompanying financial report of the City of Greater Geraldton has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 2nd day of December 2025

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**Chief Executive Officer**

## Statement of comprehensive income

for the year ended 30 June 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>Revenue</b>				
Rates	29,2a	54,383,897	54,428,065	52,011,677
Grants, subsidies and contributions	2a	9,531,832	10,886,735	12,011,577
Fees and charges	2a	30,488,004	29,829,573	27,197,163
Interest revenue	2a	3,925,280	4,210,872	3,838,217
Other revenue	2a	1,202,682	739,550	353,732
		<u>99,531,695</u>	<u>100,094,795</u>	<u>95,412,366</u>
<b>Expenses</b>				
Employee costs	2b	(36,861,651)	(37,687,673)	(34,067,582)
Materials and contracts	2b	(29,019,681)	(29,337,059)	(25,514,320)
Utility charges	2b	(3,215,464)	(3,363,677)	(3,120,576)
Depreciation	9a	(25,115,295)	(25,066,658)	(24,656,474)
Finance costs	2b	(870,480)	(531,506)	(1,168,482)
Insurance	2b	(1,046,742)	(1,110,805)	(1,011,766)
Other expenditure	2b	(4,465,785)	(4,289,721)	(4,201,967)
		<u>(100,595,098)</u>	<u>(101,387,099)</u>	<u>(93,741,167)</u>
<b>Operating result from continuing operations</b>		<u>(1,063,403)</u>	<u>(1,292,304)</u>	<u>1,671,199</u>
Capital grants, subsidies and contributions	2a	13,226,902	12,670,296	11,724,630
Profit on asset disposals	9b	218,552	209,874	156,496
Loss on asset disposals	9b	(57,191)	(57,386)	(745)
Fair value adjustments to financial assets at fair value through profit or loss	2c	(15,981)	–	7,566
		<u>13,372,282</u>	<u>12,822,784</u>	<u>11,887,947</u>
<b>Net result for the period</b>	28b	<u>12,308,879</u>	<u>11,530,480</u>	<u>13,559,146</u>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	18	23,059,611	–	(1,671,665)
<b>Total other comprehensive income for the period</b>	18	<u>23,059,611</u>	<u>–</u>	<u>(1,671,665)</u>
<b>Total comprehensive income for the period</b>		<u>35,368,490</u>	<u>11,530,480</u>	<u>11,887,481</u>

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

## Statement of financial position

as at 30 June 2025

	Note	2025 \$	2024 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	19,252,160	17,460,646
Trade and other receivables	5	10,967,706	9,500,804
Other financial assets	4a	22,080,510	38,326,910
Inventories	6	865,484	387,556
Contract assets		4,092,928	3,270,298
<b>Total current assets</b>		<b>57,258,788</b>	<b>68,946,214</b>
<b>Non-current assets</b>			
Trade and other receivables	5	567,355	571,530
Other financial assets	4b	17,116,657	5,975,057
Property, plant and equipment	7	205,619,102	201,644,870
Infrastructure	8	733,101,682	698,668,199
Right of use assets	10a	–	10,849
Intangible assets	12	159,460	159,460
<b>Total non-current assets</b>		<b>956,564,256</b>	<b>907,029,965</b>
<b>Total assets</b>		<b>1,013,823,044</b>	<b>975,976,179</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	20,822,013	14,605,122
Contract liabilities	14	364,385	1,931,553
Lease liabilities	10b	–	8,285
Borrowings	15	2,728,485	3,142,208
Employee related provisions	16	5,999,700	6,217,663
<b>Total current liabilities</b>		<b>29,914,583</b>	<b>25,904,831</b>
<b>Non-current liabilities</b>			
Borrowings	15	10,593,121	13,321,607
Employee related provisions	16	438,288	352,816
Other provisions	17	9,571,705	8,460,068
<b>Total non-current liabilities</b>		<b>20,603,114</b>	<b>22,134,491</b>
<b>Total liabilities</b>		<b>50,517,697</b>	<b>48,039,322</b>
<b>Net assets</b>		<b>963,305,347</b>	<b>927,936,857</b>
<b>Equity</b>			
Retained surplus		385,559,743	372,267,608
Reserve accounts	32	42,020,338	43,003,594
Revaluation surplus	18	535,725,266	512,665,655
<b>Total equity</b>		<b>963,305,347</b>	<b>927,936,857</b>

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

## Statement of changes in equity

for the year ended 30 June 2025

	Note	Retained surplus \$	Reserve accounts \$	Revaluation surplus \$	Total Equity \$
Balance as at 1 July 2023		349,956,228	51,755,828	514,337,320	916,049,376
<b>Comprehensive income for the period</b>					
<b>Net result for the period</b>		13,559,146	–	–	13,559,146
<b>Other comprehensive income for the period</b>					
Increase/(decrease) in asset revaluation surplus		–	–	(1,671,665)	(1,671,665)
<b>Other comprehensive income for the period</b>		–	–	(1,671,665)	(1,671,665)
<b>Total comprehensive income for the period</b>		<b>13,559,146</b>	<b>–</b>	<b>(1,671,665)</b>	<b>11,887,481</b>
Transfers from reserve accounts	32	20,599,213	(20,599,213)	–	–
Transfers to reserve accounts	32	(11,846,979)	11,846,979	–	–
<b>Balance as at 30 June 2024</b>		<b>372,267,608</b>	<b>43,003,594</b>	<b>512,665,655</b>	<b>927,936,857</b>
Balance as at 1 July 2024		372,267,608	43,003,594	512,665,655	927,936,857
<b>Comprehensive income for the period</b>					
<b>Net result for the period</b>		12,308,879	–	–	12,308,879
<b>Other comprehensive income for the period</b>					
Increase/(decrease) in asset revaluation surplus		–	–	23,059,611	23,059,611
<b>Total comprehensive income for the period</b>		<b>12,308,879</b>	<b>–</b>	<b>23,059,611</b>	<b>35,368,490</b>
Transfers from reserve accounts	32	15,063,201	(15,063,201)	–	–
Transfers to reserve accounts	32	(14,079,945)	14,079,945	–	–
<b>Balance as at 30 June 2025</b>		<b>385,559,743</b>	<b>42,020,338</b>	<b>535,725,266</b>	<b>963,305,347</b>

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

## Statement of cash flows

for the year ended 30 June 2025

	Note	2025 Actual \$	2024 Actual \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rates		54,813,561	52,259,407
Grants, subsidies and contributions		7,142,034	10,360,855
Fees and charges		29,490,763	25,879,319
Interest revenue		3,925,280	3,838,217
Goods and services tax received		–	43,151
Other revenue		1,202,682	356,594
<b>Total receipts</b>		<b>96,574,320</b>	<b>92,737,543</b>
<b>Payments</b>			
Employee costs		(36,994,142)	(33,618,527)
Materials and contracts		(19,325,675)	(32,428,421)
Utility charges		(3,215,464)	(3,120,576)
Finance costs		(883,891)	(1,187,219)
Insurance paid		(1,046,742)	(1,011,766)
Goods and services tax paid		(895,150)	–
Other expenditure		(7,295,780)	(4,201,967)
<b>Total payments</b>		<b>(69,656,844)</b>	<b>(75,568,476)</b>
<b>Net cash provided by operating activities</b>	19b	<b>26,917,476</b>	<b>17,169,067</b>
<b>Cash flows from investing activities</b>			
<b>Payments</b>			
Payments for financial assets at amortised cost		4,964,035	5,863,707
Payments for purchase of property, plant & equipment	7a	(9,354,255)	(10,284,162)
Payments for construction of infrastructure	8a	(31,718,904)	(22,043,600)
<b>Receipts</b>			
Proceeds from capital grants, subsidies and contributions		13,226,902	11,724,630
Proceeds from sale of property, plant & equipment		781,969	434,046
Proceeds from financial assets at amortised cost - self supporting loans		124,784	123,059
<b>Net cash (used in) investing activities</b>		<b>(21,975,469)</b>	<b>(14,182,320)</b>
<b>Cash flows from financing activities</b>			
<b>Payments</b>			
Repayment of borrowings	31a	(3,142,208)	(3,696,812)
Payments for principal portion of lease liabilities	31d	(8,285)	(47,974)
<b>Receipts</b>			
Proceeds from new borrowings	31a	–	–
Proceeds on disposal of financial assets at amortised cost		–	–
<b>Net cash (used in) financing activities</b>		<b>(3,150,493)</b>	<b>(3,744,786)</b>
<b>Net increase /(decrease) in cash held</b>		<b>1,791,514</b>	<b>(758,039)</b>
Cash at beginning of year		17,460,646	18,218,685
<b>Cash and cash equivalents at the end of the year</b>	3	<b>19,252,160</b>	<b>17,460,646</b>

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

## Statement of financial activity

for the year ended 30 June 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	29	54,181,282	54,264,065	51,826,470
Rates excluding general rates	29	202,615	164,000	185,207
Grants, subsidies and contributions		9,531,832	10,886,735	12,011,577
Fees and charges		30,488,004	29,829,573	27,197,163
Interest revenue		3,925,280	4,210,872	3,838,217
Other revenue		1,202,682	739,550	353,732
Profit on asset disposals		218,552	209,874	156,496
Fair value adjustments to financial assets at fair value through profit or loss	4b	(15,981)	–	7,566
		<b>99,734,266</b>	<b>100,304,669</b>	<b>95,576,428</b>
<b>Expenditure from operating activities</b>				
Employee costs		(36,861,651)	(37,687,673)	(34,067,582)
Materials and contracts		(29,019,681)	(29,337,059)	(25,514,320)
Utility charges		(3,215,464)	(3,363,677)	(3,120,576)
Depreciation		(25,115,295)	(25,066,658)	(24,656,474)
Finance costs		(870,480)	(531,506)	(1,168,482)
Insurance		(1,046,742)	(1,110,805)	(1,011,766)
Other expenditure		(4,465,785)	(4,280,010)	(4,201,967)
Loss on asset disposals		(57,191)	(57,386)	(745)
		<b>(100,652,289)</b>	<b>(101,434,774)</b>	<b>(93,741,912)</b>
<b>Adjustment for cash budget requirements:</b>				
<b>Non-cash amounts excluded from operating activities</b>				
Non-cash amounts excluded from operating activities	30	25,418,269	24,914,170	25,578,289
		<b>24,500,246</b>	<b>23,784,065</b>	<b>27,412,805</b>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		13,226,902	12,670,296	11,724,630
Proceeds from disposal of assets		781,969	1,337,400	434,046
Proceeds from financial assets at amortised cost - self supporting loans	31a	124,784	134,067	123,059
Proceeds from council loans		18,960	18,954	20,438
		<b>14,152,615</b>	<b>14,160,717</b>	<b>12,302,173</b>
<b>Outflows from investing activities</b>				
Acquisition of property, plant and equipment	7a	(9,391,387)	(12,919,421)	(10,925,230)
Acquisition of infrastructure	8a	(30,928,843)	(43,147,736)	(27,239,910)
Advances to Community Groups		–	(150,000)	–
		<b>(40,320,230)</b>	<b>(56,217,157)</b>	<b>(38,165,140)</b>
		<b>(26,167,615)</b>	<b>(42,056,440)</b>	<b>(25,862,967)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from borrowings	31a	–	150,000	–
Transfers from reserve accounts	32	15,063,201	18,961,484	20,599,213
		<b>15,063,201</b>	<b>19,111,484</b>	<b>20,599,213</b>
<b>Outflows from financing activities</b>				
Repayment of borrowings	31a	(3,142,208)	(3,151,493)	(3,696,812)
Payments for principal portion of lease liabilities	31d	(8,285)	(8,286)	(47,974)
Transfers to reserve accounts	32	(14,079,945)	(5,301,457)	(11,846,979)
		<b>(17,230,438)</b>	<b>(8,461,236)</b>	<b>(15,591,765)</b>
		<b>(2,167,237)</b>	<b>10,650,248</b>	<b>5,007,448</b>

Statement of financial activity  
for the year ended 30 June 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	30	8,044,538	8,416,530	1,487,252
Amount attributable to operating activities		24,500,246	23,784,065	27,412,805
Amount attributable to investing activities		(26,167,615)	(42,056,440)	(25,862,967)
Amount attributable to financing activities		(2,167,237)	10,650,248	5,007,448
<b>Surplus/(deficit) after imposition of general rates</b>	30	<u>4,209,932</u>	<u>794,403</u>	<u>8,044,538</u>

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

## Notes to the Financial Statements

for the year ended 30 June 2025

## Contents of the Notes accompanying the Financial Report

---

Note 1	Basis of preparation	10
Note 2	Revenue and expenses	12
Note 3	Cash and cash equivalents	16
Note 4	Other financial assets	16
Note 5	Trade and other receivables	19
Note 6	Inventories	20
Note 7	Property, plant and equipment	21
Note 8	Infrastructure	23
Note 9	Fixed assets	25
Note 10	Leases	29
Note 11	Investment property	31
Note 12	Intangible assets	31
Note 13	Trade and other payables	31
Note 14	Other liabilities	33
Note 15	Borrowings	34
Note 16	Employee related provisions	34
Note 17	Other Provisions	35
Note 18	Revaluation surplus	36
Note 19	Notes to the statement of cash flows	37
Note 20	Contingent liabilities	38
Note 21	Capital commitments	38
Note 22	Related party transactions	39
Note 23	Joint Arrangements	40
Note 24	Investment in associates	40
Note 25	Financial risk management	41
Note 26	Events occurring after the end of the reporting period	44
Note 27	Other Material Accounting Policies	45
Note 28	Function and activity	47
 <b>Information required by legislation</b>		
Note 29	Rating information	50
Note 30	Determination of surplus or deficit	51
Note 31	Borrowing and lease liabilities	52
Note 32	Reserve accounts	56
Note 33	Trust funds	58

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 1. Basis of preparation

The financial report of the City of Greater Geraldton which is a Class 1 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations

**Local Government Act 1995 requirements**

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management)*

*Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls ; and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from *AASB 116 Property, Plant and Equipment*, which would have required the City to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Initial application of accounting standards**

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- *AASB 2023-3 Amendments to Australian Accounting Standards - Disclosure of Non-current Liabilities with Covenants: Tier 2*
- *AASB 2024-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements: Tier 2 Disclosures*
- *AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements*

These amendments are not expected to have any material impact on the financial report on initial application.

- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

**New accounting standards for application in future years**

The following new accounting standards will have application to local government in future years:

- *AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2024-4b Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- *AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector*
- *AASB 2023-5 Amendments to Australian Accounting Standards - Lack of Exchangeability*
- *AASB 18 (FP) Presentation and Disclosure in Financial Statements - (Appendix D) [for for-profit entities]*
- *AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]*
- *AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
- *AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

## Notes to the Financial Statements

for the year ended 30 June 2025

### Note 1. Basis of preparation (continued)

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#### **The local government reporting entity**

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 33 of the financial report.

#### **Critical accounting estimates and judgements**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - note 7
  - Infrastructure - note 8
  - Expected credit losses on financial assets - note 5
  - Impairment losses of non-financial assets - note 7 and 8
- Investment property - note 11
- Estimated useful life of intangible assets - note 12
- Measurement of employee benefits - note 16
- Measurement of provisions - note 17

Fair value heirarchy information can be found in note 27.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 2. Revenue and expenses

## (a) Revenue

**Contracts with customers**

Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/warranties	Timing of revenue recognition
Grants, subsidies or contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time /Single point in time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Fees and charges - waste management, QPT & Aquarena entry fees	Waste treatment, recycling and disposal service at disposal sites. Swimming pool entry & QPT show entry.	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Kiosk and visitor centre, QPT & Aquarena stock	Single point in time	Payment in full at point of sale	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 2. Revenue and expenses (continued)

## (a) Revenue (continued)

**Revenue Recognition**

Rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

<b>Nature</b>	<b>Contracts with customers</b>	<b>Capital grant/ contributions</b>	<b>Statutory requirements</b>	<b>Other</b>	<b>Total</b>
<b>For the year ended 30 June 2025</b>					
Rates	–	–	54,383,897	–	54,383,897
Grants, subsidies and contributions	8,963,973	–	–	567,859	9,531,832
Fees and charges	30,050,681	–	437,323	–	30,488,004
Interest revenue	–	–	458,625	3,466,655	3,925,280
Other revenue	–	–	–	1,202,682	1,202,682
Capital grants, subsidies and contributions	–	13,226,902	–	–	13,226,902
<b>Total</b>	<b>39,014,654</b>	<b>13,226,902</b>	<b>55,279,845</b>	<b>5,237,196</b>	<b>112,758,597</b>
<b>For the year ended 30 June 2024</b>					
Rates	–	–	52,011,677	–	52,011,677
Grants, subsidies and contributions	10,450,480	–	–	1,561,096	12,011,576
Fees and charges	26,937,507	–	259,656	–	27,197,163
Interest revenue	–	–	444,336	3,393,880	3,838,216
Other revenue	–	–	–	353,731	353,731
Capital grants, subsidies and contributions	–	11,724,630	–	–	11,724,630
<b>Total</b>	<b>37,387,987</b>	<b>11,724,630</b>	<b>52,715,669</b>	<b>5,308,707</b>	<b>107,136,993</b>
			<b>2025 Actual \$</b>	<b>2025 Budget \$</b>	<b>2024 Actual \$</b>

**Interest revenue**

Interest on reserve account	1,983,711	2,200,000	2,378,098
Investments - other funds	1,465,339	1,525,000	997,343
Rate overdue interest	320,007	350,000	318,054
Rate instalment interest	114,753	100,000	104,654
Pensioner Deferred Interest	23,865	20,000	21,628
Financial assets at amortised cost - self supporting loans	13,587	12,372	16,160
Other interest revenue	4,018	3,500	2,280
<b>Total interest earnings</b>	<b>3,925,280</b>	<b>4,210,872</b>	<b>3,838,217</b>

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 2. Revenue and expenses (continued)

## (a) Revenue (continued)

	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>Other revenue</b>			
Other revenue	1,202,682	739,550	353,732
	<u>1,202,682</u>	<u>739,550</u>	<u>353,732</u>

## (b) Expenses

**Materials and contracts****Auditors remuneration**

- Audit of the annual financial report	100,132	90,000	102,277
- Internal Audit	26,608	30,000	42,602
- Other audit services	43,764	23,000	17,300
<b>Total Auditors remuneration</b>	<u>170,504</u>	<u>143,000</u>	<u>162,179</u>

**Other**

Contractors	21,173,607	23,999,719	18,830,764
Consultants	2,499,814	331,000	1,158,019
Materials purchased	1,593,616	1,643,687	1,502,650
Other	3,582,140	3,219,653	3,860,708
<b>Total</b>	<u>29,019,681</u>	<u>29,337,059</u>	<u>25,514,320</u>

**Employee costs**

Wages and salaries	24,901,019	25,547,982	22,840,324
Employee leave entitlements	6,046,681	5,700,000	5,987,837
Superannuation	4,970,379	5,554,165	4,335,035
Workers' compensation insurance	462,579	412,838	414,177
Protective clothing and uniforms	88,335	40,802	93,232
Recruitment costs	55,904	100,000	102,759
Training costs (other than salaries and wages)	285,428	200,886	206,709
Other employee costs	51,326	131,000	87,509
<b>Total employee costs</b>	<u>36,861,651</u>	<u>37,687,673</u>	<u>34,067,582</u>

**Utility charges**

Water, Electricity & Gas	3,215,464	3,363,677	3,120,576
<b>Total</b>	<u>3,215,464</u>	<u>3,363,677</u>	<u>3,120,576</u>

Notes to the Financial Statements

for the year ended 30 June 2025

Note 2. Revenue and expenses (continued)

(b) Expenses (continued)

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>Finance costs</b>				
Borrowings	31a	511,709	530,442	635,188
Leases	31d	64	64	2,120
Other - Meru Rehabilitation Provision - unwinding of discount	17	358,707	1,000	531,174
<b>Total</b>		<b>870,480</b>	<b>531,506</b>	<b>1,168,482</b>

**Insurance**

Insurance		1,046,742	1,110,805	1,011,766
<b>Total</b>		<b>1,046,742</b>	<b>1,110,805</b>	<b>1,011,766</b>

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>Other expenditure</b>				
Contributions & Donations		934,561	1,088,562	1,086,059
Councillor & Mayoral Allowance	22a	515,585	515,585	505,874
Other		3,015,639	2,685,574	2,610,034
<b>Total Other expenditure</b>		<b>4,465,785</b>	<b>4,289,721</b>	<b>4,201,967</b>

(c) Other "Non Operating" result items

**Fair value adjustments to financial assets at fair value through profit or loss**

The profit relates to the increase in the fair value of the Council's investments.		–	–	7,566
The loss relates to the decrease in the fair value of the Council's investments.		(15,981)	–	–
		<b>(15,981)</b>	<b>–</b>	<b>7,566</b>

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 3. Cash and cash equivalents

	Note	2025 \$	2024 \$
Cash at bank and on hand		19,252,160	17,460,646
Term deposits		–	–
<b>Total cash and cash equivalents</b>	19a	<b>19,252,160</b>	<b>17,460,646</b>
- Unrestricted cash and cash equivalents		12,069,108	14,224,164
- Restricted cash and cash equivalents	19a	7,183,052	3,236,482
<b>Total</b>		<b>19,252,160</b>	<b>17,460,646</b>

**MATERIAL ACCOUNTING POLICIES****Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interests. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

## Note 4. Other financial assets

	Note	2025 \$	2024 \$
<b>(a) Current assets</b>			
Financial assets at amortised cost		22,080,510	38,316,773
Financial assets previously classified as loans and receivables		–	10,137
<b>Total current financial assets</b>		<b>22,080,510</b>	<b>38,326,910</b>
<b>Financial assets at amortised cost</b>			
Term deposits		21,939,374	38,183,166
Self supporting loans	30	126,544	124,784
Other long term financial assets		14,592	8,823
		<b>22,080,510</b>	<b>38,316,773</b>
<b>Financial assets previously classified as loans and receivables</b>			
Mortgage backed securities		–	10,137
		<b>–</b>	<b>10,137</b>
Held as			
- Unrestricted other financial assets at amortised cost		141,136	346,070
- Restricted other financial assets at amortised cost	19a	21,939,374	37,980,840
<b>Total</b>		<b>22,080,510</b>	<b>38,326,910</b>

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 4. Other financial assets (continued)

	Note	2025 \$	2024 \$
<b>(b) Non current assets</b>			
Financial assets at fair value through profit or loss		358,288	374,269
Financial assets at amortised cost		16,645,661	5,522,206
Financial assets previously classified as loans and receivables		112,708	78,582
<b>Total non-current financial assets</b>		<b>17,116,657</b>	<b>5,975,057</b>
<b>Financial assets at fair value through profit or loss</b>			
Units in Local Government House Trust		358,288	374,269
		<b>358,288</b>	<b>374,269</b>
<b>Financial assets at amortised cost</b>			
Self supporting loans receivable		395,661	522,206
Other long term financial assets		16,250,000	5,000,000
		<b>16,645,661</b>	<b>5,522,206</b>
<b>Financial assets previously classified as loans and receivables</b>			
Loans Receivable - Clubs/Institutions		112,708	78,582
		<b>112,708</b>	<b>78,582</b>
Held as			
- Unrestricted other financial assets at amortised cost		866,657	975,057
- Restricted other financial assets at amortised cost	19a	16,250,000	5,000,000
<b>Total</b>		<b>17,116,657</b>	<b>5,975,057</b>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 31(a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

## Notes to the Financial Statements

for the year ended 30 June 2025

### Note 4. Other financial assets (continued)

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#### MATERIAL ACCOUNTING POLICIES

##### **Other financial assets at amortised cost**

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 27 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

##### **Financial assets at fair value through profit or loss**

The City has elected to classify the following financial assets at fair value through profit or loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Council has not elected to recognise as fair value gains and losses through profit or loss.

##### **Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 25.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 5. Trade and other receivables

	2025 \$	2024 \$
<b>Current</b>		
Rates and statutory receivables	3,575,667	4,001,156
Sundry Debtors	3,042,888	1,457,896
GST receivable	1,294,332	399,182
Accrued Income	1,171,105	2,334,551
Prepayments	1,900,003	1,319,957
Less: provision for expected credit loss	(16,289)	(11,938)
	<u>10,967,706</u>	<u>9,500,804</u>
<b>Non-current</b>		
Pensioner's rates and ESL deferred	567,355	571,530
	<u>567,355</u>	<u>571,530</u>

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any provision for expected credit loss amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

**MATERIAL ACCOUNTING POLICIES****Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

**Trade and other receivables**

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

**Other Receivables**

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

**Measurement**

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

**Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the City measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 6. Inventories

	2025	2024
	\$	\$
<b>Current</b>		
Fuel and materials	809,891	327,996
Resaleable Merchandise	55,593	59,560
<b>Total current inventories</b>	<b>865,484</b>	<b>387,556</b>

**MATERIAL ACCOUNTING POLICIES**

**General**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Notes to the Financial Statements for the year ended 30 June 2025

### Note 7. Property, plant and equipment

#### (a) Movements in balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Assets not subject to operating lease				Plant and equipment		Total property, plant and equipment \$
	Land \$	Buildings \$	Artwork \$	Property - Work in progress \$	Furniture and equipment \$	Plant and equipment \$	
Measurement basis	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	
<b>Balance at 1 July 2023</b>	66,829,280	115,993,266	836,175	556,232	1,803,013	9,759,344	195,777,310
Additions	–	6,715,350	–	1,108,527	799,817	2,301,536	10,925,230
Disposals	–	–	–	–	(1,382)	(723,670)	(725,052)
Depreciation on Disposal	–	–	–	–	–	446,757	446,757
Revaluation decrements transferred to revaluation surplus	18	(91,763)	(16,870)	–	–	–	(108,633)
Depreciation	9a	(2,433,173)	–	–	(649,302)	(947,199)	(4,029,674)
Asset Write offs	–	(415,013)	–	–	–	–	(415,013)
Reclassifications between Asset Classes	–	–	(231,055)	–	648,812	(643,812)	(226,055)
<b>Balance at 30 June 2024</b>	66,829,280	119,768,667	588,250	1,664,759	2,600,958	10,192,956	201,644,870
<b>Comprises:</b>							
Gross balance amount at 30 June 2024	66,829,280	122,200,853	588,250	1,664,759	5,187,158	18,823,396	215,293,696
Accumulated depreciation at 30 June 2024	–	(2,432,186)	–	–	(2,586,200)	(8,630,440)	(13,648,826)
<b>Balance at 30 June 2024</b>	66,829,280	119,768,667	588,250	1,664,759	2,600,958	10,192,956	201,644,870
<b>Balance at 1 July 2024</b>	66,829,280	119,768,667	588,250	1,664,759	2,600,958	10,192,956	201,644,870
Additions	24,704	2,167,288	–	1,479,900	1,703,170	4,016,325	9,391,387
Disposals	–	–	–	–	(343,005)	(1,563,339)	(1,906,344)
Depreciation on Disposal	–	–	–	–	332,120	953,615	1,285,735
Revaluation decrements transferred to revaluation surplus	18	(314,539)	–	–	–	–	(314,539)
Depreciation	9a	(2,499,687)	–	–	(783,679)	(1,161,509)	(4,444,875)
Reclassifications between Asset Classes	–	(24,735)	(588,250)	–	586,465	(10,612)	(37,132)
<b>Balance at 30 June 2025</b>	66,853,984	119,096,994	–	3,144,659	4,096,029	12,427,436	205,619,102
<b>Comprises:</b>							
Gross balance amount at 30 June 2025	66,853,984	124,015,633	–	3,144,659	7,074,503	21,240,014	222,328,793
Accumulated depreciation at 30 June 2025	–	(4,918,639)	–	–	(2,978,474)	(8,812,578)	(16,709,691)
<b>Balance at 30 June 2025</b>	66,853,984	119,096,994	–	3,144,659	4,096,029	12,427,436	205,619,102

Notes to the Financial Statements

for the year ended 30 June 2025

Note 7. Property, plant and equipment (continued)

(b) Carrying Amount Measurements

Asset class	Note	Carrying amount 2025 \$	Carrying amount 2024 \$	Fair value hierachy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>(i) Fair Value - as determined at the last valuation date</b>								
<b>Land and buildings</b>								
Land		66,853,984	66,829,280	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2023	Price per hectare / market borrowing rate.
<b>Total land</b>	7a	<b>66,853,984</b>	<b>66,829,280</b>					
Buildings - non-specialised		648,415	259,554	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2023	Price per hectare / market borrowing rate.
Buildings - specialised		118,448,579	119,509,113	3	Cost approach using current replacement cost.	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs.
<b>Total buildings</b>	7a	<b>119,096,994</b>	<b>119,768,667</b>					

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 8. Infrastructure

(a) Movements in balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

Note	Infrastructure roads \$	Infrastructure Lighting \$	Recreation \$	Car Parks \$	Meru Landfill \$	Airport \$	Effluent Scheme \$	Work in progress \$	Total infrastructure \$
Measurement basis									–
<b>Balance as at 1 July 2023</b>	<b>558,082,849</b>	<b>4,110,500</b>	<b>63,935,150</b>	<b>18,514,564</b>	<b>20,598,813</b>	<b>24,062,932</b>	<b>598,000</b>	<b>8,868,583</b>	<b>698,771,391</b>
Additions	13,697,276	601,721	14,354,830	172,141	4,772,953	553,537	–	(6,912,548)	27,239,910
Revaluation increments transferred to revaluation surplus	18	–	668,200	–	–	–	–	2,909,597	3,577,797
Revaluation decrements transferred to revaluation surplus	18	(83,431)	(4,587,700)	(469,698)	–	–	–	–	(5,140,829)
Asset Write Offs	–	(10,745)	(14,123)	–	(47,096)	–	–	–	(71,964)
Depreciation	9a	(13,395,875)	(358,454)	(2,494,233)	(851,622)	(2,210,992)	(1,207,090)	(65,455)	(20,583,721)
Meru capping provision	–	–	–	–	(5,350,440)	–	–	–	(5,350,440)
Reclassifications between Asset Classes	–	106,600	119,455	–	–	–	–	–	226,055
<b>Balance at 30 June 2024</b>	<b>558,300,819</b>	<b>4,449,622</b>	<b>71,981,579</b>	<b>17,365,385</b>	<b>17,763,238</b>	<b>23,409,379</b>	<b>532,545</b>	<b>4,865,632</b>	<b>698,668,199</b>
<b>Comprises:</b>									
Gross balance amount at 30 June 2024	571,696,694	4,807,322	74,475,635	18,217,008	21,246,301	27,988,236	598,000	4,865,632	723,894,828
Accumulated depreciation at 30 June 2024	(13,395,875)	(357,700)	(2,494,057)	(851,622)	(3,483,063)	(4,578,857)	(65,455)	–	(25,226,629)
<b>Balance at 30 June 2024</b>	<b>558,300,819</b>	<b>4,449,622</b>	<b>71,981,578</b>	<b>17,365,386</b>	<b>17,763,238</b>	<b>23,409,379</b>	<b>532,545</b>	<b>4,865,632</b>	<b>698,668,199</b>
<b>Balance as at 1 July 2024</b>	<b>558,300,819</b>	<b>4,449,622</b>	<b>71,981,579</b>	<b>17,365,385</b>	<b>17,763,238</b>	<b>23,409,379</b>	<b>532,545</b>	<b>4,865,632</b>	<b>698,668,199</b>
Additions	17,661,289	1,092,378	3,004,685	211,668	–	105,444	2,074	8,851,306	30,928,844
Revaluation increments transferred to revaluation surplus	18	–	–	–	–	24,969,584	–	–	24,969,584
Revaluation decrements transferred to revaluation surplus	18	(778,315)	(584,005)	–	–	(4,729)	–	–	(1,595,434)
Depreciation	9a	(13,097,486)	(378,833)	(2,891,426)	(862,557)	(2,112,911)	(1,252,257)	(64,101)	(20,659,571)
Meru capping provision	–	–	–	–	752,930	–	–	–	752,930
Reclassifications between Asset Classes	69,408	(8,181)	239,887	–	(285,870)	33,975	(12,089)	–	37,130
<b>Balance at 30 June 2025</b>	<b>562,155,715</b>	<b>4,926,601</b>	<b>71,750,720</b>	<b>16,714,496</b>	<b>16,117,387</b>	<b>47,261,396</b>	<b>458,429</b>	<b>13,716,938</b>	<b>733,101,682</b>
<b>Comprises:</b>									
Gross balance amount at 30 June 2025	588,475,172	5,637,036	77,107,328	18,428,675	21,694,720	47,261,396	586,474	13,716,938	772,907,739
Accumulated depreciation at 30 June 2025	(26,319,457)	(710,435)	(5,356,608)	(1,714,179)	(5,577,333)	–	(128,045)	–	(39,806,057)
<b>Balance at 30 June 2025</b>	<b>562,155,715</b>	<b>4,926,601</b>	<b>71,750,720</b>	<b>16,714,496</b>	<b>16,117,387</b>	<b>47,261,396</b>	<b>458,429</b>	<b>13,716,938</b>	<b>733,101,682</b>

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 8. Infrastructure (continued)

## (b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>(i) Fair Value - as determined at the last valuation date</b>					
Roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Recreation	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Car Parks	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Meru Landfill	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Airport	3	Cost approach using current replacement cost	Independent registered valuer	June 2025	Construction costs and current condition, residual values and remaining useful life assessments inputs
Effluent Scheme	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Lighting	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of infrastructure using level 3 inputs.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 9. Fixed assets

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>(a) Depreciation</b>				
Buildings	7a	2,499,687	2,421,110	2,433,173
Furniture & Equipment	7a	783,679	630,322	649,302
Plant & Equipment	7a	1,161,509	970,777	947,199
Infrastructure - roads	8a	13,097,486	13,627,242	13,395,875
Infrastructure - Lighting	8a	378,833	311,498	358,454
Infrastructure - Recreation	8a	2,891,426	2,462,321	2,494,272
Infrastructure - Car Parks	8a	862,557	876,224	851,622
Infrastructure - Meru Landfill	8a	2,112,911	2,387,630	2,210,992
Infrastructure - Airport	8a	1,252,257	1,271,039	1,207,090
Infrastructure - Effluent Scheme	8a	64,101	65,455	65,455
Right of Use Assets - Furniture & Equipment	10a	10,849	43,040	43,040
<b>Total depreciation</b>		<b>25,115,295</b>	<b>25,066,658</b>	<b>24,656,474</b>

**Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

<b>Asset Class</b>	<b>Years</b>
Buildings	20 to 100 years
Furniture and equipment	5 to 15 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	20 to 80 years
Infrastructure - Recreation (Parks)	10 to 100 years
Infrastructure - Car Parks	20 to 80 years
Infrastructure - Meru Landfill	10 to 80 years
Infrastructure - Airport	20 to 80 years
Infrastructure - Effluent Scheme	30 to 80 years
Infrastructure - Footpaths	20 to 40 years
Infrastructure - Drainage	50 to 80 years
Right of use - Furniture and Equipment	Based on the remaining lease

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 9. Fixed assets (continued)

(b) Disposal of assets

The following assets were disposed of during the year.

	Net book value			Sales price			Profit			(Loss)		
	2025 Actual	2025 Budget	2024 Actual	2025 Actual	2025 Budget	2024 Actual	2025 Actual	2025 Budget	2024 Actual	2025 Actual	2025 Budget	2024 Actual
Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By asset class</b>												
<i>Property, plant and equipment</i>												
Land	7a	456,000	–	–	585,000	–	–	129,000	–	–	–	–
Buildings		–	–	–	–	–	–	–	–	–	–	–
Plant and equipment		609,724	276,913	781,969	752,400	430,864	218,552	80,874	154,678	(46,307)	(57,386)	(727)
Furniture and equipment		10,884	1,382	–	–	3,182	–	–	1,818	(10,884)	–	(18)
<b>Total by asset class</b>		<b>620,608</b>	<b>278,295</b>	<b>781,969</b>	<b>1,337,400</b>	<b>434,046</b>	<b>218,552</b>	<b>209,874</b>	<b>156,496</b>	<b>(57,191)</b>	<b>(57,386)</b>	<b>(745)</b>

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 9. Fixed assets (continued)

## MATERIAL ACCOUNTING POLICIES

**Initial recognition**

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulation 17A(5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, are recognised at cost and disclosed as being at reportable value.

**Measurement after recognition**

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

**Reportable Value**

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

**Revaluation**

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes

buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the City.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the City to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**Depreciation on revaluation**

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Impairment**

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the City is not required to comply with *AASB136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its

## Notes to the Financial Statements

for the year ended 30 June 2025

### Note 9. Fixed assets (continued)

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recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### **Gains or losses on disposal**

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 10. Leases

## (a) Right of use assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year

	Note	Printers \$	Total \$
<b>2024</b>			
<b>Balance at 1 July 2023</b>		53,889	53,889
Depreciation	9a	(43,040)	(43,040)
<b>Balance at 30 June 2024</b>		10,849	10,849
<b>2025</b>			
<b>Balance at 1 July 2024</b>		10,849	10,849
Depreciation	9a	(10,849)	(10,849)
<b>Balance at 30 June 2025</b>		–	–

## Amounts included in the statement of comprehensive income related to leases

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	Note	2025 Actual \$	2024 Actual \$
<b>Expenses</b>			
Depreciation on right-of-use assets	9a	10,849	43,040
Finance charge on lease liabilities	31d	64	2,119
<b>Total amount recognised in the statement of comprehensive income</b>		10,913	45,159
<b>Total cash outflow from leases</b>		64	2,119
<b>2025</b>			
	Note	Actual \$	2024 Actual \$

## (b) Lease liabilities

Current		–	8,285
<b>Total lease liabilities</b>	31d	–	8,285

## Disclosure

The City has a lease relating to printing equipment. The term for the lease is 5 years. The lease has fixed monthly lease payments. The measurement of lease liabilities does not include variable lease payments and any future cash outflows associated with leases not yet commenced to which the City is committed.

## Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

## Notes to the Financial Statements

for the year ended 30 June 2025

### Note 10. Leases (continued)

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#### **MATERIAL ACCOUNTING POLICIES**

##### **Leases**

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 31(d).

##### **Right-of-use assets - measurement**

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

##### **Right-of-use assets - depreciation**

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 11. Investment property

Council has not classified any Land or Buildings as "Investment Properties".

## Note 12. Intangible assets

## Laneway Easement

	2025 Actual \$	2024 Actual \$
<b>Non-current</b>		
Gross book value	159,460	159,460
<b>Total Laneway Easement – net book value</b>	<b>159,460</b>	<b>159,460</b>
<b>Movements in balances of intangible asset during the financial year are shown as follows:</b>		
Balance at 1 July	159,460	159,460
Amortisation	–	–
<b>Balance at 30 June</b>	<b>159,460</b>	<b>159,460</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>159,460</b>	<b>159,460</b>

## MATERIAL ACCOUNTING POLICIES

## Laneway Easement

The Laneway Easement is not amortised as it is considered to have an indefinite useful life.

## Note 13. Trade and other payables

	2025 \$	2024 \$
<b>Current</b>		
Sundry creditors	16,942,412	6,770,478
Accrued interest on debentures	58,498	71,909
Accrued Salaries and Wages	154,758	887,749
Unexpended Non-Operating Grants (WATC)	3,352,088	3,213,728
Accrued Expenses	314,257	3,661,258
<b>Total current trade and other payables</b>	<b>20,822,013</b>	<b>14,605,122</b>

## MATERIAL ACCOUNTING POLICIES

## Financial liabilities

Financial liabilities are initially recognised at fair value when the City becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

## Notes to the Financial Statements

for the year ended 30 June 2025

### Note 13. Trade and other payables (continued)

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**Statutory liabilities**

Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises income for the prepaid rates that have not been refunded.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 14. Other liabilities

	2025	2024
	\$	\$
<b>Other liabilities</b>		
<b>Current</b>		
<b>Contract liabilities</b>		
Deposits received in advance of services provided	364,385	1,931,553
	<u>364,385</u>	<u>1,931,553</u>
<b>Total other liabilities</b>	<u>364,385</u>	<u>1,931,553</u>

**MATERIAL ACCOUNTING POLICIES**

**Contract Liabilities**

Contract liabilities represent the the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Capital grant/contribution liabilities**

Capital grant/contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 15. Borrowings

Note	2025			2024		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
<b>Unsecured</b>						
Loans	2,728,485	10,593,121	13,321,606	3,142,208	13,321,607	16,463,815
<b>Total unsecured borrowings</b>	<b>2,728,485</b>	<b>10,593,121</b>	<b>13,321,606</b>	<b>3,142,208</b>	<b>13,321,607</b>	<b>16,463,815</b>

**Unsecured liabilities**

All the City's borrowings are from the Western Australian Treasury Corporation (WATC) and are unsecured.

The City has complied with the financial covenants of its borrowing facilities during the 2025 and 2024 years.

**MATERIAL ACCOUNTING POLICIES****Borrowing costs**

The City has elected to recognise borrowings costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 27(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 25.

Details of individual borrowings required by regulations are provided at Note 31(a).

## Note 16. Employee related provisions

	2025 \$	2024 \$
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual leave	2,561,982	2,441,905
Long service leave	3,153,848	3,454,949
Sick Leave	275,183	308,385
Accrued RDO	8,687	12,424
<b>Total current employee related provisions</b>	<b>5,999,700</b>	<b>6,217,663</b>
<b>Non-current provisions</b>		
<b>Employee benefit provisions</b>		
Long service leave	438,288	352,816
<b>Total non-current employee related provisions</b>	<b>438,288</b>	<b>352,816</b>
<b>Total employee related provisions</b>	<b>6,437,988</b>	<b>6,570,479</b>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 16. Employee related provisions (continued)

**MATERIAL ACCOUNTING POLICIES****Employee benefits**

The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

**Short-term employee benefits**

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position

**Other long-term employee benefits**

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

## Note 17. Other Provisions

	Infrastructure Meru - Rehabilitation	Total
<b>Opening balance at 1 July 2024</b>		
Non-current provisions	8,460,068	8,460,068
	<u>8,460,068</u>	<u>8,460,068</u>
Movement	1,111,637	1,111,637
<b>Balance at 30 June 2025</b>	<u>9,571,705</u>	<u>9,571,705</u>
<b>Comprises</b>		
Non-current	9,571,705	9,571,705
	<u>9,571,705</u>	<u>9,571,705</u>

**Other provisions**

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

## Notes to the Financial Statements

for the year ended 30 June 2025

### Note 18. Revaluation surplus

	2025	2025	2025	Total	2025	2024	2024	2024	Total	2024
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	31,438,951	–	–	–	31,438,951	31,438,951	–	–	–	31,438,951
Buildings - non-specialised	62,571,742	–	(314,539)	(314,539)	62,257,203	62,663,505	–	(91,763)	(91,763)	62,571,742
Plant and equipment	1,601,370	–	–	–	1,601,370	1,601,370	–	–	–	1,601,370
Artwork	83,369	–	–	–	83,369	100,239	–	(16,870)	(16,870)	83,369
Roads	383,056,400	–	(778,315)	(778,315)	382,278,085	381,211,339	1,928,492	(83,431)	1,845,061	383,056,400
Lighting	3,790,470	–	(228,385)	(228,385)	3,562,085	3,790,470	–	–	–	3,790,470
Recreation	7,457,701	–	(584,005)	(584,005)	6,873,696	10,396,096	1,649,305	(4,587,700)	(2,938,395)	7,457,701
Car Parks	18,576,241	–	–	–	18,576,241	19,045,939	–	(469,698)	(469,698)	18,576,241
Meru Landfill	2,700,676	–	–	–	2,700,676	2,700,676	–	–	–	2,700,676
Airport	1,003,336	24,969,584	(4,729)	24,964,855	25,968,191	1,003,336	–	–	–	1,003,336
Effluent Scheme	385,399	–	–	–	385,399	385,399	–	–	–	385,399
	<b>512,665,655</b>	<b>24,969,584</b>	<b>(1,909,973)</b>	<b>23,059,611</b>	<b>535,725,266</b>	<b>514,337,320</b>	<b>3,577,797</b>	<b>(5,249,462)</b>	<b>(1,671,665)</b>	<b>512,665,655</b>

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

Vested land no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State, or regional, significance should no longer be recognised.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 19. Notes to the statement of cash flows

**(a) Reconciliation of cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>Cash and cash equivalents</b>	3	<u>19,252,160</u>	<u>23,162,472</u>	<u>17,460,646</u>

**Restrictions**

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3	7,183,052	10,925,483	3,236,482
- Financial assets at amortised cost	4	38,189,374	19,059,385	42,980,840
		<u>45,372,426</u>	<u>29,984,868</u>	<u>46,217,322</u>

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	32	42,020,338	26,903,668	43,003,594
Unspent grants		3,352,088	3,081,200	3,213,728
<b>Total restricted financial assets</b>		<u>45,372,426</u>	<u>29,984,868</u>	<u>46,217,322</u>

**(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities**

Net result		12,308,879	11,540,191	13,559,146
<b>Non-cash items:</b>				
Depreciation/amortisation		25,115,295	25,066,658	24,656,474
Adjustments to fair value of financial assets at fair value through profit or loss		15,981	–	(7,566)
(Profit)/loss on sale of asset		(161,361)	(152,488)	(155,751)
Other Non Cash Movements		–	–	–
<b>Changes in assets and liabilities:</b>				
(Increase)/decrease in trade and other receivables		(1,462,727)	525,000	(1,024,101)
(Increase)/decrease in inventories		(477,928)	250,006	57,292
(Increase)/decrease in contract assets		(822,630)	(22,500)	(932,215)
Increase/(decrease) in trade and other payables		6,230,302	173,106	(2,152,127)
Increase/(decrease) in accrued interest payable		(13,411)	–	(18,737)
Increase/(decrease) in employee related provisions		(132,491)	204,586	449,055
Increase/(decrease) in other provisions		1,111,637	(372,193)	(4,819,266)
Increase/(decrease) in other liabilities		(1,567,168)	170,000	(718,507)
Capital grants, subsidies and contributions		(13,226,902)	(12,298,103)	(11,724,630)
<b>Net cash provided by/(used in) operating activities</b>		<u>26,917,476</u>	<u>25,084,263</u>	<u>17,169,067</u>

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 19. Notes to the statement of cash flows (continued)

	Note	2025 Actual \$	2024 Actual \$
<b>(c) Undrawn borrowing facilities credit standby arrangements</b>			
Credit card limit		200,000	200,000
Credit card balance at balance date		(39,482)	(8,218)
<b>Total amount of credit unused</b>		<b>160,518</b>	<b>191,782</b>
<b>Security</b>			
The credit card facility with Commonwealth Bank of Australia is an unsecured facility.			
<b>Loan facilities</b>			
Loan facilities - current	15	2,728,485	3,142,208
Loan facilities - non-current	15	10,593,121	13,321,607
<b>Total facilities in use at balance date</b>		<b>13,321,606</b>	<b>16,463,815</b>

## Note 20. Contingent liabilities

1) The City of Greater Geraldton entered into an agreement with the Public Transport Authority to indemnify Brookfield Rail for 40% of the cost of modification to the Rail Bridge No. 5371 (Abraham Street) contingent on changes to container heights (double stacking). The term of the indemnity expires on the date of expiry of the current lease Brookfield Rail holds over the Rail Corridor (2049).

The likelihood of such an event to occur is considered to be remote.

## Note 21. Capital commitments

	2025 \$	2024 \$
<b>Capital expenditure commitments</b>		
<b>Contracted for:</b>		
- capital expenditure projects	5,491,927	14,255,282
<b>Total capital expenditure commitments</b>	<b>5,491,927</b>	<b>14,255,282</b>
<b>Payable:</b>		
- not later than one year	5,491,927	14,255,282
<b>Total capital expenditure commitments</b>	<b>5,491,927</b>	<b>14,255,282</b>

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of various City infrastructure assets.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 22. Related party transactions

	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>(a) Council Member Remuneration</b>			
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
Conference & Training Expenses	5,550	27,700	25,129
Mayor's annual allowance	97,115	97,115	93,380
Deputy Mayor's annual allowance	24,278	24,278	23,345
Meeting attendance fees	394,192	394,192	389,149
Travel and accommodation expenses	8,522	8,000	8,379
Other council member expenses	–	2,500	2,071
<b>Total</b>	<b>529,657</b>	<b>553,785</b>	<b>541,453</b>

	2025 Actual \$	2024 Actual \$
Note		

**(b) Key management personnel**

**Key Management Personnel (KMP) Compensation**

The total of compensation paid to KMP of the City during the year are as follows:

Short-term employee benefits		1,500,439	1,348,374
Post-employment benefits		177,484	144,357
Employee - other long-term benefits		36,333	33,943
Council member costs	22a	529,657	541,453
<b>Total</b>		<b>2,243,913</b>	<b>2,068,127</b>

*Short-term employee benefits*

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent annual leave and long service leave entitlements accruing during the year.

*Termination benefits*

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

*Council member costs*

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 22. Related party transactions (continued)

(c) Transactions with related parties

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

	2025 Actual \$	2024 Actual \$
<b>(i) In addition to KMP compensation above, the following transactions occurred with related parties:</b>		
Sale of goods and services	5,245	3,512
Purchase of goods and services	–	5,302
	5,245	8,814
<b>(ii) Amounts outstanding from related parties:</b>		
Trade and other receivables	–	116

**(iv) Related parties**

The City's main related parties are as follows:

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 22(a) and 22(b).

*ii. Entities subject to significant influence by the City*

There were no such entities requiring disclosure during the current or previous year.

Note 23. Joint Arrangements

Council has no interest in any Joint Arrangements.

Note 24. Investment in associates

Council has no interest in any Associated Entities.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 25. Financial risk management

## Financial risk management

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance department under policies approved by the Council. The finance department identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

## (a) Interest rate risk

## Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted average interest rate %	Carrying amounts \$	Fixed interest rate \$	Variable interest rate \$	Non interest bearing \$
<b>2025</b>					
Cash and cash equivalents	4.20%	19,252,159	–	19,252,159	–
Financial assets at amortised cost - term deposits	4.78%	38,189,374	38,189,374	–	–
<b>2024</b>					
Cash and cash equivalents	4.35%	17,460,646	–	17,460,646	–
Financial assets at amortised cost - term deposits	5.00%	43,183,166	43,183,166	–	–

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 25. Financial risk management (continued)

**Sensitivity**

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2025	2024
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity *	192,522	174,606

(\*) Holding all other variables constant

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 31(a).

**(b) Credit risk****Trade and Other Receivables**

The City's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2024 or 1 July 2025 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
<b>30 June 2025</b>					
<b>Trade receivables</b>					
Expected credit loss	83.00%	7.00%	9.00%	1.00%	
Gross carrying amount	2,690,484	232,919	290,488	30,212	3,244,103
Loss allowance	13,509	1,169	1,459	152	16,289
<b>30 June 2024</b>					
<b>Trade receivables</b>					
Expected credit loss	81.00%	14.00%	1.00%	4.00%	
Gross carrying amount	1,185,852	201,517	18,431	52,263	1,458,063
Loss allowance	9,709	1,650	151	428	11,938

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 25. Financial risk management (continued)

**Contract Assets**

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

**(c) Liquidity risk**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended if required.

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>2025</b>					
Trade and other payables	20,822,013	–	–	20,822,013	20,822,013
Borrowings	2,728,485	7,051,075	3,542,046	13,321,606	13,321,606
Lease liabilities	–	–	–	–	–
	<b>23,550,498</b>	<b>7,051,075</b>	<b>3,542,046</b>	<b>34,143,619</b>	<b>34,508,004</b>
<b>2024</b>					
Trade and other payables	14,605,122	–	–	14,605,122	14,605,122
Borrowings	3,142,208	8,995,763	4,325,844	16,463,815	16,463,815
Lease liabilities	8,285	–	–	8,285	8,285
	<b>17,755,615</b>	<b>8,995,763</b>	<b>4,325,844</b>	<b>31,077,222</b>	<b>33,008,775</b>

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 26. Events occurring after the end of the reporting period

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There are no events occurring after the end of the financial year which have significantly affected or may significantly affect the operations of the City of Greater Geraldton.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 27. Other Material Accounting Policies

**a) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**b) Current and non-current classification**

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

**c) Rounding off figures**

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

**d) Comparative figures**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented.

**e) Budget comparative figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

**f) Superannuation**

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

**g) Fair value of assets and liabilities**

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**h) Interest revenue**

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**i) Fair value hierarchy**

*AASB 13 Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 27. Other Material Accounting Policies (continued)

or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation techniques**

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**j) Impairment of assets**

In accordance with Australian Accounting Standards, the City's assets are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 9.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. *AASB 116 Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 28. Function and activity

## (a) Service objectives and descriptions

City operations as disclosed in these financial statements encompass the following service orientated functions and activities.

**NAME AND OBJECTIVES****DESCRIPTION****GOVERNANCE**

To provide a decision-making process for the efficient allocation of scarce resources.

Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting council members and ratepayers on matters which do not concern specific local government services.

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

To provide services to help ensure a safer and environmentally conscious community.

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

**HEALTH**

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, noise control and waste disposal compliance, medical centre (Mullewa).

**EDUCATION AND WELFARE**

To provide services to disadvantaged persons, the elderly, children and youth.

Maintenance of senior citizen centre and the provision of youth services.

**COMMUNITY AMENITIES**

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.

**TRANSPORT**

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Provision of airport facilities.

**ECONOMIC SERVICES**

To help promote the local government and its economic wellbeing.

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

**OTHER PROPERTY AND SERVICES**

To monitor and control operating accounts.

Private works operation, plant repair and costs.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 28. Function and activity (continued)

## (b) Income and expenses

	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions</b>			
Governance	–	–	–
General purpose funding	55,211,300	55,194,065	52,817,201
Law, order, public safety	560,255	464,500	448,314
Health	120,092	81,000	88,118
Education and welfare	67,105	43,200	79,018
Community amenities	17,543,109	17,402,303	16,249,321
Recreation and culture	1,988,503	1,826,586	1,914,095
Transport	8,888,765	8,412,645	6,753,900
Economic services	950,366	742,770	759,017
Other property and services	4,888,916	5,250,865	4,455,866
	<u>90,218,411</u>	<u>89,417,934</u>	<u>83,564,850</u>
<b>Grants, subsidies and contributions and capital grants, subsidies and contributions</b>			
Governance	–	–	318
General purpose funding	153,150	40,000	142,869
Law, order, public safety	310,326	523,334	1,154,167
Education and welfare	1,727,047	1,087,161	200,181
Community amenities	92,332	825,578	924,997
Recreation and culture	1,254,254	1,136,964	3,471,143
Transport	11,769,490	11,459,193	9,289,689
Economic services	42,398	–	345
Other property and services	7,409,740	8,484,801	8,552,498
	<u>22,758,737</u>	<u>23,557,031</u>	<u>23,736,207</u>
<b>Total income</b>	<u>112,977,148</u>	<u>112,974,965</u>	<u>107,301,057</u>
<b>Expenses</b>			
Governance	(1,060,664)	(716,760)	(1,169,940)
General purpose funding	(1,533,821)	(1,210,321)	(1,171,952)
Law, order, public safety	(4,348,038)	(3,087,484)	(4,429,016)
Health	(1,072,575)	(805,775)	(850,785)
Education and welfare	(2,539,918)	(2,588,345)	(2,686,747)
Housing	(73,042)	(40,111)	(48,283)
Community amenities	(18,016,146)	(16,723,179)	(15,514,295)
Recreation and culture	(21,071,805)	(14,262,277)	(23,353,828)
Transport	(13,695,457)	(10,353,717)	(27,357,542)
Economic services	(2,479,673)	(2,223,884)	(2,733,083)
Other property and services	(34,777,130)	(49,422,920)	(14,426,440)
	<u>(100,668,269)</u>	<u>(101,434,773)</u>	<u>(93,741,911)</u>
<b>Net result for the period</b>	<u>12,308,879</u>	<u>11,540,192</u>	<u>13,559,146</u>

Notes to the Financial Statements

for the year ended 30 June 2025

Note 28. Function and activity (continued)

(c) Assets

	<b>2025</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Governance	9,445,766	10,482,030
General purpose funding	4,143,022	4,572,689
Law, order, public safety	8,494,587	8,499,970
Health	573,029	577,847
Education and welfare	9,136,429	6,961,670
Housing	3,833,035	1,190,539
Community amenities	24,506,482	24,797,150
Recreation and culture	157,666,983	162,208,342
Transport	697,562,245	658,009,799
Economic services	3,736,334	4,465,461
Other property and services	94,725,132	94,210,682
<b>Total assets</b>	<b><u>1,013,823,044</u></b>	<b><u>975,976,179</u></b>

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 29. Rating information

Rate type	Basis of valuation	Rate in \$	Number of properties	2024/25 Actual Rateable Value \$	2024/25 Actual Rate Revenue \$	2024/25 Actual Interim Rates \$	2024/25 Actual Back Rates \$	2024/25 Actual Total Revenue \$	2024/25 Budget Rate Revenue \$	2024/25 Budget Interim Rate \$	2024/25 Budget Back Rate \$	2024/25 Budget Total Revenue \$	2023/24 Actual Total Revenue \$
<b>(a) General Rates</b>													
<b>Rate Description</b>													
CGG GRV	Gross rental valuations	0.13861	17,322	347,402,122	48,153,755	196,755	12,379	48,362,889	48,153,756	300,000	-	48,453,756	46,039,990
UV	Unimproved valuations	0.00483	638	654,499,000	3,159,921	5,845	3,957	3,169,723	3,159,921	-	-	3,159,921	3,170,189
<b>Total general rates</b>			<b>17,960</b>	<b>1,001,901,122</b>	<b>51,313,676</b>	<b>202,600</b>	<b>16,336</b>	<b>51,532,612</b>	<b>51,313,677</b>	<b>300,000</b>	<b>-</b>	<b>51,613,677</b>	<b>49,210,179</b>
<b>Minimum payment</b>													
CGG GRV		1,050.00	2,165	7,228,998	2,273,250	-	-	2,273,250	2,273,250	-	-	2,273,250	2,380,586
UV		1,050.00	470	58,452,095	493,500	-	-	493,500	493,500	-	-	493,500	346,099
<b>Total minimum payments</b>			<b>2,635</b>	<b>65,681,093</b>	<b>2,766,750</b>	<b>-</b>	<b>-</b>	<b>2,766,750</b>	<b>2,766,750</b>	<b>-</b>	<b>-</b>	<b>2,766,750</b>	<b>2,726,685</b>
<b>Total general rates and minimum payments</b>			<b>20,595</b>	<b>1,067,582,215</b>	<b>54,080,426</b>	<b>202,600</b>	<b>16,336</b>	<b>54,299,362</b>	<b>54,080,427</b>	<b>300,000</b>	<b>-</b>	<b>54,380,427</b>	<b>51,936,864</b>
<b>Ex-gratia rates</b>													
Rural		-	-	-	202,615	-	-	202,615	164,000	-	-	164,000	185,207
<b>Total amount raised from rates (excluding general rates)</b>			<b>-</b>	<b>-</b>	<b>202,615</b>	<b>-</b>	<b>-</b>	<b>202,615</b>	<b>164,000</b>	<b>-</b>	<b>-</b>	<b>164,000</b>	<b>185,207</b>
								<u>54,501,977</u>			<u>54,544,427</u>	<u>52,122,071</u>	
<b>Discounts/Concessions</b>													
General rates								(118,080)			(116,362)	(110,394)	
<b>Total rates</b>								<u>54,383,897</u>			<u>54,428,065</u>	<u>52,011,677</u>	
<b>(b) Rates related information</b>													
Rate instalment interest								114,753			100,000	104,654	
Rates instalment charges								83,719			80,000	82,931	
Rates overdue interest								320,007			350,000	318,054	
Rates written off								678			-	82,521	

(\*) Rateable Value at time of raising of rate.

## Notes to the Financial Statements

for the year ended 30 June 2025

## Note 30. Determination of surplus or deficit

		2024/25	2024/25	2023/24
		30 June 2025	Budget	30 June 2024
		Carried Forward	30 June 2025	Carried Forward
Note		\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals		(218,552)	(209,874)	(156,496)
Less: Fair value adjustments to financial assets at fair value through profit or loss		15,981	–	(7,566)
Add: Loss on disposal of assets		57,191	57,386	745
Add: Depreciation	9a	25,115,295	25,066,658	24,656,474
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		4,175	–	29,070
Employee benefit provisions		85,472	–	37,950
Other provisions		358,707	–	531,174
Other Non-Cash (Revenue)/Expenditure		–	–	486,938
<b>Non-cash amounts excluded from operating activities</b>		<b>25,418,269</b>	<b>24,914,170</b>	<b>25,578,289</b>
<b>Adjustments to financing activities</b>				
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	32	(25,770,338)	(26,903,668)	(38,003,594)
Less: Financial assets at amortised cost - self supporting loans	4a	(126,544)	(155,526)	(124,784)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	2,728,485	2,056,622	3,142,208
- Current portion of lease liabilities	10	–	–	8,285
Other - Council Loans		(14,594)	–	(18,960)
Other - Rovers Football Club Loan		48,718	–	–
Non-cash movements in non-current assets and liabilities		–	112,318	–
<b>Total adjustments to net current assets</b>		<b>(23,134,273)</b>	<b>(24,890,254)</b>	<b>(34,996,845)</b>
<b>Net current assets used in the Statement of Financial Activity</b>				
Total current assets		57,258,788	51,194,570	68,946,214
Less: Total current liabilities		(29,914,583)	(25,509,913)	(25,904,831)
Less: Total adjustments to net current assets		(23,134,273)	(24,890,254)	(34,996,845)
<b>Surplus or deficit after imposition of general rates</b>		<b>4,209,932</b>	<b>794,403</b>	<b>8,044,538</b>

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 31. Borrowing and lease liabilities

(a) Borrowings

Purpose	Note	Actual			Budget			Principal at 30 June 2025	
		Principal at 30 June 2024	New loans during 2024-25	Principal Repayments During 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New loans during 2024-25		Principal repayments during 2024-25
96 Geraldton Yacht Club SSL*		109,485	–	(26,098)	83,387	109,485	–	(26,098)	83,387
268 Foreshore Stabilisation & Protection		137,222	–	(137,222)	–	137,222	–	(137,222)	–
269 Airport Projects		345,344	–	(345,344)	–	345,344	–	(345,344)	–
271 QPT Air-Conditioning Replacement		727,467	–	(358,462)	369,005	727,467	–	(358,462)	369,005
272 MUF, Youth Precinct, Beach Access Ramp		2,134,042	–	(276,525)	1,857,517	2,134,042	–	(276,525)	1,857,517
274 Olive Street Development		1,232,948	–	(398,286)	834,662	1,232,948	–	(398,286)	834,662
275 Airport Runway Overlay		5,998,646	–	(326,330)	5,672,316	5,998,646	–	(326,330)	5,672,316
276 Animal Management Facility		569,988	–	(282,172)	287,816	569,988	–	(282,173)	287,815
277 Beresford Foreshore		976,459	–	(186,690)	789,769	976,459	–	(186,690)	789,769
278 Meru Resource Recovery Facility		3,694,710	–	(706,393)	2,988,317	3,694,710	–	(706,394)	2,988,316
279 Wonthella Bowling Club SSL*		80,590	–	(40,196)	40,394	80,590	–	(40,196)	40,394
281 Geraldton Hockey Association SSL*		456,914	–	(58,490)	398,424	456,914	–	(58,490)	398,424
282 Rovers Football Club SSL*		–	–	–	–	–	150,000	(9,283)	140,717
<b>Total Borrowings</b>	15	<b>16,463,815</b>	<b>–</b>	<b>(3,142,208)</b>	<b>13,321,607</b>	<b>16,463,815</b>	<b>150,000</b>	<b>(3,151,493)</b>	<b>13,462,322</b>

SSL\* - Self Supporting Loan

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 31. Borrowing and lease liabilities (continued)

(a) Borrowings

Borrowing Finance Cost Payments

Purpose	Institution	Interest rate	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024
96 Geraldton Yacht Club SSL*	WATC	3.16%	3,157	3,255	3,965
263 Recreation Ground Grandstand	WATC	4.36%	–	–	3,597
264 Aquarena Upgrade	WATC	4.36%	–	–	5,756
265 Old Works Depot	WATC	4.36%	–	–	2,878
266 Old Railway Building	WATC	4.36%	–	–	2,964
268 Foreshore Stabilisation & Protection	WATC	3.09%	2,520	3,188	6,684
269 Airport Projects	WATC	3.09%	6,342	8,024	16,822
271 QPT Air-Conditioning Replacement	WATC	2.92%	16,785	18,644	27,081
272 MUF, Youth Precinct, Beach Access Ramp	WATC	3.21%	64,725	66,301	73,442
274 Olive Street Development	WATC	3.13%	33,974	35,499	46,201
275 Airport Runway Overlay	WATC	2.82%	165,377	166,877	174,430
276 Animal Management Facility	WATC	1.99%	9,030	9,946	14,581
277 Beresford Foreshore	WATC	2.24%	20,151	20,833	24,279
278 Meru Resource Recovery Facility	WATC	2.24%	76,248	78,828	91,866
279 Wonthella Bowling Club SSL*	WATC	0.49%	253	347	451
281 Geraldton Hockey Association SSL*	WATC	1.25%	5,282	5,513	6,006
282 Rovers Football Club SSL*	WATC	5.00%	–	3,257	–
WATC Loan Guarantee Fee	WATC	0.00%	107,865	109,930	134,187
<b>Total Finance Cost Payments</b>			<b>511,709</b>	<b>530,442</b>	<b>635,190</b>

SSL\* - Self Supporting Loan

Notes to the Financial Statements

for the year ended 30 June 2025

Note 31. Borrowing and lease liabilities (continued)

(b) New Borrowings - 2024/25

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					Actual	Budget	Actual	Budget		
				%	\$	\$	\$	\$	\$	\$
Rovers Football Club SSL	WATC	Self Supporting loan	7	5.00%	–	150,000	–	150,000	3,750	–
					–	150,000	–	150,000	3,750	–

(c) Unspent Borrowings

No unspent borrowings

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 31. Borrowing and lease liabilities (continued)

(d) Lease liabilities

Purpose	Note	Actual			Budget				
		Principal at 30 June 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$
Printers		8,285	–	(8,285)	–	8,286	–	(8,286)	–
<b>Total lease liabilities</b>	10b	<b>8,285</b>	<b>–</b>	<b>(8,285)</b>	<b>–</b>	<b>8,286</b>	<b>–</b>	<b>(8,286)</b>	<b>–</b>

Lease Finance Cost Payments

Purpose	Institution	Lease interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024	Lease term
				\$	\$	\$	
Printers	BOQ	6.14%	24/10/24	64	64	2,120	60 Months
<b>Total Finance Cost Payments</b>				<b>64</b>	<b>64</b>	<b>2,120</b>	

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 32. Reserve accounts

	2025 Opening Balance Actual \$	2025 Transfer to Actual \$	2025 Transfer (from) Actual \$	2025 Closing Balance Actual \$	2025 Opening Balance Budget \$	2025 Transfer to Budget \$	2025 Transfer (from) Budget \$	2025 Closing Balance Budget \$	2024 Opening Balance Actual \$	2024 Transfer to Actual \$	2024 Transfer (from) Actual \$	2024 Closing Balance Actual \$
(a) Parking Land Reserve	1,127,759	-	-	1,127,759	1,127,759	-	-	1,127,759	551,759	576,000	-	1,127,759
(b) Unexpended Capital Works & Restricted Grant Reserve	13,212,129	4,896,667	(11,422,195)	6,686,601	10,878,578	-	(8,460,117)	2,418,461	22,587,461	10,975,881	(20,351,213)	13,212,129
(c) Employee Entitlements Reserve	3,100,000	-	-	3,100,000	3,100,000	-	-	3,100,000	3,100,000	-	-	3,100,000
(d) Major Initiatives Reserve	11,059,750	8,899,914	(1,643,614)	18,316,050	11,059,750	5,112,707	(8,251,367)	7,921,090	11,059,750	-	-	11,059,750
(e) Asset Renewal Reserve	12,354,465	-	(1,634,901)	10,719,564	12,354,465	-	(2,000,000)	10,354,465	12,602,465	-	(248,000)	12,354,465
(f) Point Moore Reserve	226,068	38,750	-	264,818	226,068	38,750	-	264,818	187,318	38,750	-	226,068
(g) Money In Lieu of Public Open Space	1,773,423	94,614	(362,491)	1,505,546	1,667,075	-	(250,000)	1,417,075	1,667,075	106,348	-	1,773,423
(h) Public Art Reserve	150,000	150,000	-	300,000	150,000	150,000	-	300,000	-	150,000	-	150,000
	<b>43,003,594</b>	<b>14,079,945</b>	<b>(15,063,201)</b>	<b>42,020,338</b>	<b>40,563,695</b>	<b>5,301,457</b>	<b>(18,961,484)</b>	<b>26,903,668</b>	<b>51,755,828</b>	<b>11,846,979</b>	<b>(20,599,213)</b>	<b>43,003,594</b>

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of reserve	Purpose of the reserve
(a) Parking Land Reserve	The purpose of this reserve is to build up funds that can then be used for the acquisition of land for car parking and provision of parking facilities within the City.
(b) Unexpended Capital Works & Restricted Grant Reserve	The purpose of this reserve is to restrict grant funds received that were unspent in the financial year including any tied contribution from the City plus any unexpended capital works to be carried over to the next financial year.
(c) Employee Entitlements Reserve	The purpose of this reserve is for the funding of payments not predicted or provided for in Council's municipal budget. It is also intended to fund large payments to staff that may occur in any year, principally being long service leave payments but shall include provision for voluntary redundancy payments, accrued non-current annual leave and sick leave entitlements as provided for under the City's Industrial Agreement.
(d) Major Initiatives Reserve	The purpose of this reserve is to provide funding tied to prioritised capital works program and major projects/initiatives. Funds to be mainly derived from net proceeds on land sales.
(e) Asset Renewal Reserve	The purpose of this reserve is to fund infrastructure renewal. Any funds that are unspent from the annual asset renewal program are to be disbursed into this reserve for future renewal programs, unbudgeted emergent and/or emergency renewal works.
(f) Point Moore Reserve	The purpose of this reserve is to build funds from the annual demolition levy applied and to be paid by the Lessee per clause 4.2 of Point Moore Beach Cottages Leases in removal of all improvements and in remediation of sites.
(g) Cash In Lieu of Public Open Space reserve.	The purpose of this reserve is to comply with the requirements of Section 154 of the Planning and Development Act 2005 to hold funds for development of public open space.

Notes to the Financial Statements  
for the year ended 30 June 2025

Note 32. Reserve accounts (continued)

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(h) Public Art Reserve

The purpose of this reserve is to fund public art acquisitions and renewals. Any funds that are unspent from the annual public art renewal budget along with an annual allocation are to be disbursed into this reserve for future public art acquisitions and renewals

Notes to the Financial Statements

for the year ended 30 June 2025

Note 33. Trust funds

	1-Jul-2024	Amounts received	Amounts paid	30 June 2025
	\$	\$	\$	\$
<b>Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:</b>				
Mid West Industry Road Safety Alliance	14,539	201	–	14,740
Revegetation Contributions	152,389	32,942	–	185,331
Cash-in-lieu of public open space	–	362,539	–	362,539
Unclaimed Monies	7,565	10,844	–	18,409
Northern Country Zone of WALGA	–	9,981	–	9,981
	<u>174,493</u>	<u>416,507</u>	<u>–</u>	<u>591,000</u>

Financial Report

for the year ended 30 June 2025

Independent auditor's report

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Insert Independent Auditor's Report here

AC176	OFFICE OF THE AUDITOR GENERAL – PERFORMANCE AUDIT – MAINTAINING REGIONAL LOCAL ROADS
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<b>AGENDA REFERENCE:</b>	<b>D-25-145840</b>
<b>AUTHOR:</b>	<b>C Edwards, Manager Project Delivery &amp; Engineering</b>
<b>EXECUTIVE:</b>	<b>C Lee, Director Infrastructure Services</b>
<b>DATE OF REPORT:</b>	<b>2 December 2025</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x2)</b> <b>A. OAG – Performance Audit – Maintaining Regional Local Roads</b> <b>B. Letter Response to Auditor General - Performance Audit: Maintaining Regional Local Roads</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to present to the Audit Risk and Improvement Committee the performance audit report from the Office of the Auditor General on Maintaining Regional Local Roads.

**EXECUTIVE RECOMMENDATION:**

That the Audit Risk and Improvement Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. RECEIVE the performance audit report from the Office of the Auditor General on Maintaining Regional Local Roads; and
2. REQUEST an update on progress implementing the report recommendations at the next Audit Committee meeting.

**PROPONENT:**

The proponent is the City of Greater Geraldton (the City).

**BACKGROUND:**

The Office of the Auditor General (OAG) undertook an audit to assess if regional local government entities (LG entities) effectively managed the maintenance of their local roads. The OAG considered if entities had a structured and risk-based approach to managing their roads, including if they had appropriate information on road condition and understood the funding available to maintain roads.

The OAG audited five (5) regional entities: City of Greater Geraldton, Shire of Derby-West Kimberley, Shire of Dumbleyung, Shire of East Pilbara and Shire of Manjimup. The OAG also audited the Commissioner of Main Roads WA (Main Roads) and the Department of Local Government, Industry Regulation and Safety (LGIRS) and conducted a survey of regional road users to seek community feedback.

The report highlighted that the City's asset management system had condition information on its sealed roads but not for nearly all of its unsealed roads. The

report also found that the City's asset management strategies and plans were last updated 15 years ago.

The OAG report highlighted that there was increasing pressure on regional roads making the need for road maintenance more frequent and putting financial strain on LG entities. These changes included an increase in and frequency of traffic and the growing impact of heavy haulage vehicles resulting in:

- accelerated wear on road surfaces leading to rutting, cracking and edge failures;
- safety concerns particularly where there are multiple local road users and narrow winding roads;
- amenity issues with noise complaints, dust, pollution and reduced quality of life;
- economic strain as poor road conditions increase vehicle operating costs and time taken to travel along routes; and
- the risk of secondary freight routes developing, leading to trucks using roads that were not designed for this purpose.

The OAG report also found that outdated and rigid road maintenance funding programs can be barriers to regional LG entities accessing adequate road maintenance funding with the asset preservation gap growing.

The City responded to the OAG report welcoming its conclusions, commending the report for recognising the complexities of maintaining an extensive regional road network and the importance of robust asset management and sustainable funding models, and committing to work collaboratively with all stakeholders to implement its recommendations.

## **COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:**

### **Community:**

There are positive community impacts to the City adequately maintaining its road network.

### **Economy:**

There will be positive economic impacts on the community and businesses in the region if the City adequately maintains its road network. Funding spent on road maintenance is likely to be spent with local businesses and contractors

### **Environment:**

There are no adverse environmental impacts.

### **Leadership:**

The Audit, Risk and Improvement Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to risk management, internal controls, and legislative compliance.

### ***Disclosure of Interest:***

No Officer involved in the preparation of this report has a declarable interest in this matter.

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**RELEVANT PRECEDENTS:**

There are no relevant precedents.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

The OAG report was prepared for submission to Parliament under the provisions of sections 24 and 25 of the Auditor General Act 2006.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

Provision is made in the budget to undertake the implementation of the City's asset management systems, processes, strategies and plans as required. Provision is also made in the budget to undertake the necessary maintenance on the City's roads once the outcomes of the road condition assessment have been completed.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Theme: Liveable</b>	<b>A protected and enhanced natural environment with facilities and services to support community health and wellbeing.</b>
Goal 2	Improve maintenance and connectivity of the City's transport network, including expanded active transport opportunities.
Goal 6	Support the community by advocating to State and Federal Government for better access to programs and services that improve community health and wellbeing.
<b>Strategic Theme: Leading</b>	<b>A progressive City where informed decisions, strong advocacy and an enabling culture drives sustainable regional growth.</b>
Goal 2	Efficiently and effectively deliver community services and projects, through optimal use of our resources.
Goal 3	Financial sustainability, actively seeking and leveraging external funding to deliver for the community.
Goal 4	Continued focus on strong advocacy to ensure that Federal and State projects, programs and funding are aligned with our community's priorities.
Goal 5	Provide the community with clear and accessible information about the City's programs, services and decisions.
Goal 6	Ensure high quality governance activities enabling transparency and accountability.

**REGIONAL OUTCOMES:**

There are significant positive impacts to regional outcomes for a well-managed and maintained road network.

**RISK MANAGEMENT:**

The report recommended that the City should:

- ensure road condition data is up to date and used in up-to-date asset management plans and work programs to enhance preventative road maintenance; and
- promote transparency and understanding of maintenance prioritisation decisions with stakeholders by determining and reporting the road condition and maintenance backlog, defining service level standards for road maintenance, and reporting on delivery of road maintenance against agreed service levels.

To mitigate these risks the City has appointed a Manager Strategic Asset Management who has been tasked with establishing the City's asset management systems, processes, strategies and plans in line with international best practice. The City is also in the process of implementing its enterprise asset management database and system. It is anticipated that this process will take two (2) years to implement.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered.

**5 GENERAL BUSINESS LATE ITEM**

**6 MEETING CLOSURE**



Report 3: 2025-26 | 12 November 2025

PERFORMANCE AUDIT

# Maintaining Regional Local Roads



## Office of the Auditor General for Western Australia

### **Audit team:**

Jason Beeley  
Nayna Raniga  
Andrew Harris  
Gail Confait  
Performance Audit team

National Relay Service TTY: 133 677  
(to assist people with hearing and voice impairment)

We can deliver this report in an alternative format for those with visual impairment.

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***The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.***

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**Maintaining Regional Local Roads**

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Report 3: 2025-26  
12 November 2025

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**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

### **MAINTAINING REGIONAL LOCAL ROADS**

This report has been prepared for submission to Parliament under the provisions of sections 24 and 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed if regional local government entities effectively manage the maintenance of their local roads.

I wish to acknowledge the entities' staff for their cooperation with this audit.

A handwritten signature in black ink, appearing to read 'Caroline Spencer'.

Caroline Spencer  
Auditor General  
12 November 2025

# Contents

Auditor General's overview.....	3
Executive summary.....	4
Introduction.....	4
Background.....	4
Conclusion.....	6
Findings.....	7
There is no consolidated picture of the overall condition of the local road network.....	7
Differences in capability and capacity means not all LG entities are effectively maintaining their roads.....	11
Outdated and rigid funding arrangements can be barriers to regional LG entities accessing adequate road maintenance funding.....	20
Recommendations.....	24
Response from City of Greater Geraldton.....	25
Response from Shire of Derby-West Kimberley.....	25
Response from Shire of Manjimup.....	26
Response from Shire of Dumbleyung.....	26
Response from Shire of East Pilbara.....	27
Response from Main Roads WA.....	28
Response from Department of Local Government, Industry Regulation and Safety.....	29
Response from WA Local Government Association.....	29
Audit focus and scope.....	31

## Auditor General's overview

Since 1871, when they were established as road boards, local government entities in Western Australia have played a key role in maintaining regional local roads. The regional local road network covers over 113,000 kilometres of roads and connects an area of 2.5 million square kilometres, a third of Australia's land area. One of our five audited regional entities, the Shire of East Pilbara, is larger than the state of Victoria. This size and scale make maintaining regional local roads a highly challenging and complex task.



Regional local roads make up around 90% of all of WA's local roads, and responsibility for maintaining them is spread across 107 local governments of varying sizes and capabilities. Regional road users, like their metropolitan counterparts, pay vehicle licence fees and most of them pay rates and taxes. In return they expect, and should have, access to a network of roads that are maintained to be fit for purpose and safe to use. For regional local roads this is not always the case.

A lack of data, which is not unique to WA, means we do not know the overall condition of regional local roads, or the size and cost of the maintenance backlog. What we can see from our audit is that road works are inconsistent across the network. Some roads are in good condition and well maintained and others are not.

For road users this can mean restrictions on how they use their roads, limiting access to essential services like schools, healthcare and community facilities, causing extra costs in vehicle wear and tear and lost time. For local government entities this can mean deteriorating assets, reduced economic activity, higher maintenance costs and unmet community expectations.

Although entities are all undertaking road maintenance, regional LG entities experience difficulties attracting and retaining technical qualified and experienced staff. This audit found they often do not have or do not use the information they need about their roads to plan and manage maintenance effectively. Their roads are often under increasing pressure from heavy haulage and, in some places, subject to more frequent serious weather events causing significant damage that can take years and cost millions of dollars to repair. This adds to an already challenging task, often with maintenance works needing to be brought forward.

At the same time, the audit found outdated and rigid arrangements for funding local road maintenance can be barriers to LG entities accessing adequate funding and do not reflect or adapt to the diversity of both the roads and the capacity and capability of the local governments maintaining them. This means funding is directed to some local governments who may not need it while others report a widening gap in their ability to preserve their road assets.

Entities need to improve their road condition information and in turn their planning and monitoring of maintenance, but do not all currently have the skills and systems in place to do this. Encouragingly, new technologies and sharing of good practices have increased the feasibility of the required uplift. Funding arrangements that respond better to the diversity of needs and capability in regional entities would better support delivering a network of local roads that meets the needs of regional road users.

I would like to thank all audited entities and stakeholders for their contribution to this audit. The 759 road users who responded to our community survey provided personal experiences that were valuable in demonstrating how essential good roads are to regional communities. In particular, their feedback highlighted key concerns that deepened our perspective on this critically important aspect of local public service delivery.

# Executive summary

## Introduction

This audit assessed if regional local government entities (LG entities) effectively manage the maintenance of their local roads. We considered if entities had a structured and risk-based approach to managing their roads, including if they had appropriate information on road condition and understood the funding available to maintain roads.

We audited five regional entities: City of Greater Geraldton, Shire of Derby-West Kimberley, Shire of Dumbleyung, Shire of East Pilbara and Shire of Manjimup. We also audited the Commissioner of Main Roads WA (Main Roads) and the Department of Local Government, Industry Regulation and Safety (LGIRS). We conducted a survey of regional road users to seek community feedback. The survey received 759 responses.

## Background

The sheer size of Western Australia (WA) contributes to the challenge and complexity of maintaining regional local roads which help to connect an area of 2.5 million square kilometres, a third of Australia's land area. Although only 25% of the State's population lives in regional WA, it contributes approximately 40% to the Gross State Product<sup>1</sup>.

Regional local roads provide urban, rural and remote communities with critical access to services, hospitals, schools and the State's highways and major roads. Maintaining these roads to keep them functional and safe and prevent costly, unbudgeted repairs, is essential. Many roads have seen increases in traffic and volumes of freight which can increase road wear, necessitating shorter road maintenance and renewal cycles.

LG entities in WA were established under the *District Roads Act 1871* and the *Municipal Institutions' Act 1871*. They were often called Road Boards as their primary function was to create and maintain the road network in their local areas. As motor transport increased, many could not cope with the demand for more roads. This led to the responsibility for the construction, maintenance and supervision of main and developmental roads being centralised under the Main Roads Board in 1926. Although local government has changed dramatically over the years, one of their key functions continues to be the management of local roads within their boundaries.

Regional LG entities are responsible for maintaining over 113,000 km of roads, representing more than 75% of the State's road network. These are managed by the 107 regional LG entities and less than 25% of these roads are sealed. Local roads are a significant infrastructure asset with a carrying value of over \$20 billion<sup>2</sup> reported in 2023-24.

Main Roads is responsible for the State's freeways, highways and major regional and inter-regional roads of approximately 19,000 km with a carrying value of \$65 billion<sup>3</sup> reported in 2023-24. It also provides support to regional road groups for local roads. This support includes traffic management, signs and pavement markings, bridgeworks and inspections, and State initiatives on local roads.

The WA Local Government Association (WALGA) reported that total expenditure on local government roads was just above \$1 billion in 2023-24<sup>4</sup>, with around \$752 million spent on

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<sup>1</sup> Infrastructure WA, *State Infrastructure Strategy*, Government of Western Australia, Perth, July 2022, p. 104.

<sup>2</sup> WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 8.

<sup>3</sup> Main Roads WA, *2024 Annual Report*, Government of Western Australia, Perth, 2024, pp. 131-32.

<sup>4</sup> WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., pp.36-37.

maintenance and renewal of all local road assets. Almost half of the \$1 billion was funded from LG entities' own sources of revenue, with the other half funded from:

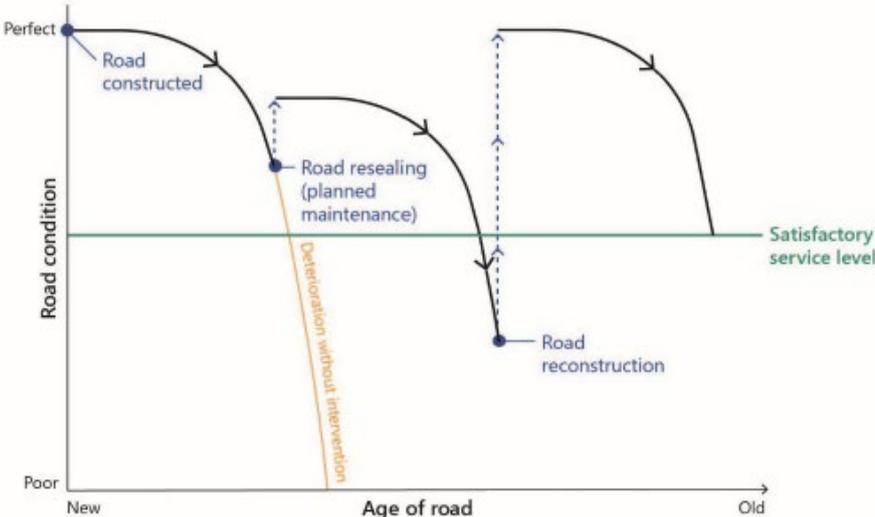
- \$253 million from the State Road Funds to Local Government Agreement 2023-24 to 2027-28 (Local Government Agreement)
- \$136 million in Financial Assistance Grants provided by the Australian Government
- other grants including Roads to Recovery, Black Spot and the Wheatbelt Secondary Freight Network funding.

Funding to individual LG entities through the Local Government Agreement and the Financial Assistance Grants is allocated using an asset preservation model. The model includes road hierarchy, usage data, and age, length and type of roads to assess what funding is needed to preserve the roads in current condition.

WALGA has consistently reported<sup>5</sup> a widening gap between the amount needed to preserve local road assets in their current condition and actual expenditure, with a shortfall of \$338 million in 2023-24. WALGA also reports regional WA has the lowest asset preservation performance, the oldest roads in the State and low capacity to fund their road needs.

The Grattan Institute, an independent research body, has reported funding for local government road maintenance across Australia has not kept up with costs and that the problem is much more pronounced in regional and remote areas<sup>6</sup>.

To maximise the value of money spent on road maintenance, each entity needs to consider their local climate, road user needs and the condition of their roads. Roads deteriorate in stages that are influenced by traffic intensity, age and the environment, and do not show the same condition for their age. There are stages in road lifecycles where maintenance intervention can be optimised. Figure 1 shows how the condition of a sealed road deteriorates over time and the optimal road works that are required to remedy this.



Source: Victorian Auditor-General's Office: Maintaining Local Roads March 2021

**Figure 1: Illustration of the life cycle of a sealed road**

<sup>5</sup> WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 15.

<sup>6</sup> Marion Terrill, Natasha Bradshaw, and Dominic Jones, *Potholes and Pitfalls: How to fix local roads*, Grattan Institute, 2023, p. 6.

Each entity needs to plan road maintenance in line with service levels set in consultation with the communities they serve. LG entities achieve best value when they provide satisfactory service levels at the lowest cost over the long-term. Up-to-date condition assessment data is a key input to achieve this and determine the right mix of preventative and reactive maintenance.

## Conclusion

The overall condition of the WA local government road network is not known as it is not measured or reported. This impacts road maintenance planning and means we could not reliably assess the effectiveness of maintenance across regional local roads overall, verify the scale of the backlog of maintenance that needs to be done and quantify how much it will cost to fix.

The quality of condition information that LG entities have and how effectively it is used in maintenance planning is variable. Only one of the five LG entities we audited had a current asset management plan in place for all its road assets, was able to clearly demonstrate the condition of its entire road network and could show there was a backlog of maintenance. Inconsistency in asset planning increases the risk that LG entities will struggle to prioritise repairs, assess deterioration rates and justify investment decisions or funding requests. This all contributes to reactive, short-term fixes rather than strategic long-term planning.

Local roads vary significantly and present different maintenance challenges based on type of road, size, location and weather, age, condition and usage. These roads are under increasing pressure from changing use, particularly increased heavy haulage. All of the audited entities are maintaining their roads. However, differences in the ability and capacity of regional LG entities mean they do not always have the financial and technical resources to take a structured and risk-based approach to meet these challenges. Stakeholders consistently raised with us that regional LG entities experience difficulties in recruiting and retaining technical staff, accessing contractors to do road maintenance and struggle with the capacity to meet approvals and regulatory requirements.

At the same time, funding arrangements do not effectively reflect or adapt to the diversity of both the roads and the capacity and capability of the LG entities maintaining them. The Local Government Agreement, which allocates motor vehicle licencing fees for road maintenance, is valued by the sector as it lasts for five years and provides a level of funding certainty. However, the allocation method has been consistent since 1990 and there are no criteria to demonstrate why the funds are split 80% to state roads and 20% to local roads or how the allocation relates to maintenance needs.

The asset preservation model used to allocate Financial Assistance Grants and other grant funding has not been reviewed since 1990 and does not fully reflect the needs of regional LG entities. Although the model uses updated road inventory data when provided by LG entities and adjusts regional cost for inflation, other key variables such as road condition data and capacity of LG entities to make up maintenance funding shortfalls through rates and other income is not captured. As a result, the model allocates funding to some LG entities who may not need it as urgently as others who report a widening gap in their ability to preserve their road assets.

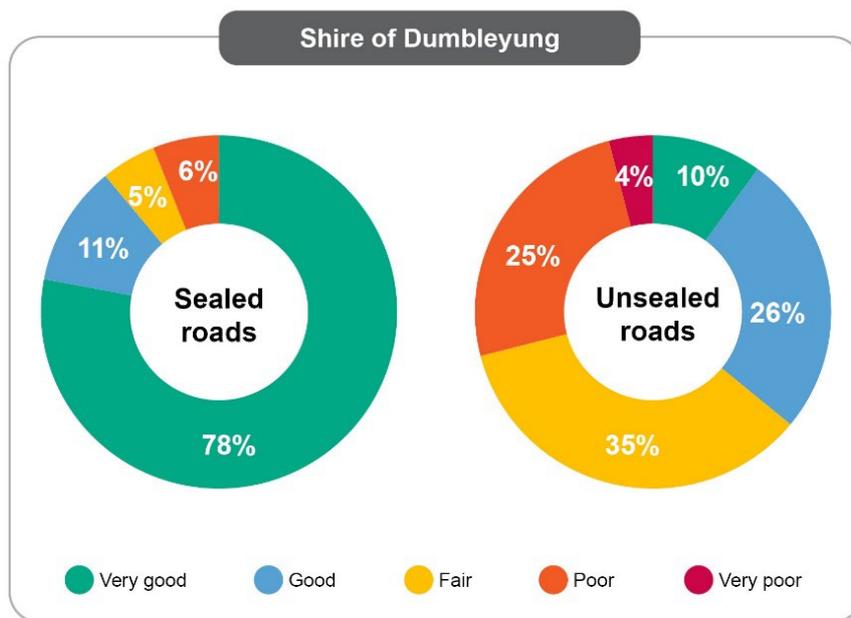
Funding arrangements need to be reviewed to ensure they respond to the diversity of need and capability in regional LG entities, support more consistent road maintenance and better roads for road users. A more systematic integration of condition data into maintenance planning is essential for good asset management. This would lead to a more proactive, cost-effective approach to road maintenance and better safeguard public assets. Many regional LG entities will need support to achieve this.

## Findings

### There is no consolidated picture of the overall condition of the local road network

The lack of overall condition data impacts the effectiveness and efficiency of road maintenance across WA. This is because condition data of local roads is not collectively measured or reported, and no single entity is responsible for this. As a result, we could not reliably assess how effective road maintenance is across the whole network, verify the scale of the backlog of maintenance that needs to be done and quantify how much it will cost to fix. Although Main Roads, the regional road groups and WALGA all gather some information, none of them provide a consolidated picture of road condition. The lack of condition data at a network level impacts road maintenance planning and limits strategic oversight of the effectiveness of the investment in maintaining local roads.

One hundred and seven regional LG entities are responsible for maintaining and reporting on their regional local roads. The quality and use of the audited regional LG entities' condition data also varies. The Shire of Dumbleyung was the only audited entity to identify the current condition of its sealed and unsealed roads (Figure 2) and was able to show if there was a backlog of maintenance.



Source: OAG using Shire of Dumbleyung data

**Figure 2: Condition of the Shire of Dumbleyung's local road network (at 26 March 2025)**

The other audited LG entities had varied levels of condition data based on assessments made at least once every five years for minimum financial reporting purposes but this information is not always in entities asset management systems and used for road maintenance. For instance, the City of Greater Geraldton's asset management system had condition information on its sealed roads but not for nearly all of its unsealed roads (over 1,000 kms making up approximately 60% of its network). All these LG entities had assigned hierarchy classifications appropriate to the function of a road and had some current condition information for some of their roads which they used to prioritise their road maintenance programs. However, they were not reporting road maintenance backlog and how their local road network is performing.

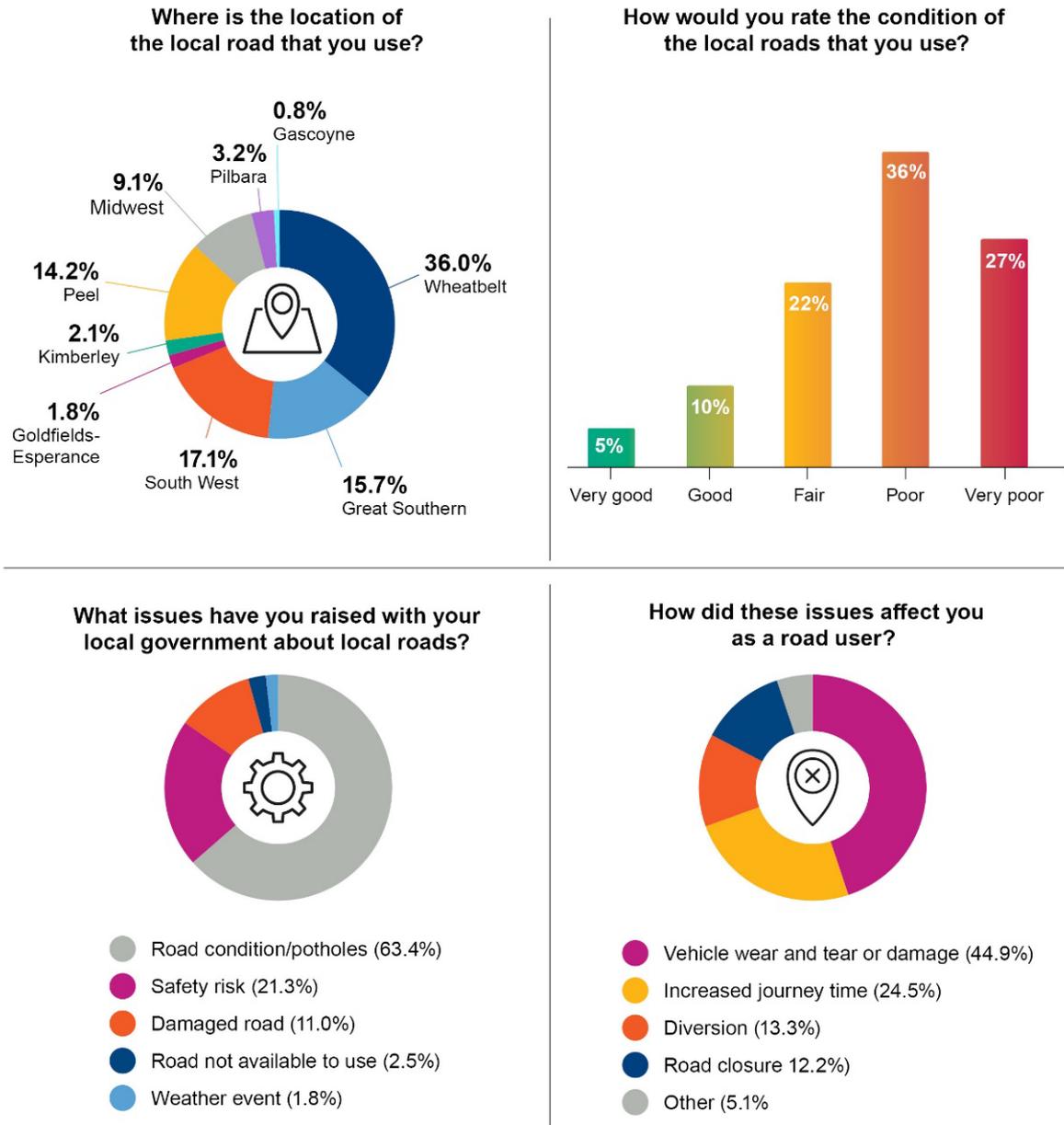
Maintaining road condition data in rural and remote areas is challenging for a range of reasons detailed later in this report. In its absence, LG entities often rely on set work programs, visible defects, and community complaints to guide maintenance. This can result in structurally poor roads being overlooked in favour of those with higher public visibility. Without reliable data, LG entities struggle to assess deterioration, prioritise repairs and justify funding needs, leading to reactive rather than preventative maintenance.

During fieldwork across five regions, we travelled thousands of kilometres on local roads and observed both well-maintained and deteriorated roads. Our observations showed a more mixed picture of regional local road conditions than WALGA reports<sup>7</sup> which estimates preservation gaps based on expenditure on roads. The Report indicates that regional LG entities with low revenue raising capacity have roads more likely to be in poor condition. This was reflected in our audited entities for instance Shire of Derby-West Kimberley and the Shire of East Pilbara.

The responses to our road user survey reflected the varied condition of local roads. Thirty-seven per cent of road users rated local roads very good to fair with most users (63%) indicating road conditions were poor to very poor. Road condition and potholes were the most frequent issues raised with local governments, with these issues causing vehicle wear and tear or damage and increased journey time. Survey results are consistent with our findings and indicate a lack of preventative maintenance and a road maintenance backlog. Figures 3 and 4 show key outcomes from our survey and impact on road users, most of whom were local residents.

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<sup>7</sup> WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 16.



Source: OAG survey of regional road users

**Figure 3: Key outcomes from OAG survey of regional road users**

“ The sealed roads have severe and widespread erosion of edges making them dangerous and causing damage to vehicles. The gravel roads are not graded and have potholes and corrugations which make driving more difficult and dangerous and causing additional wear and tear to vehicles. ”

“ I have suffered blown tyres from large potholes, suspension damage and steering damage due to subsidence and uneven surfaces. ”

Source: OAG survey of regional road users

**Figure 4: Impact on road users**

Sharing local roads condition data can help align state and local planning. This would help identify what is working and where adjustments may be needed to support regions that may be falling behind or unable to maintain their roads. Support could mean adjustments in funding but may also include access to advice, expertise, resources, materials and equipment. Support that is adaptive across local and state government entities creates opportunities for continuous improvement in maintenance strategies.

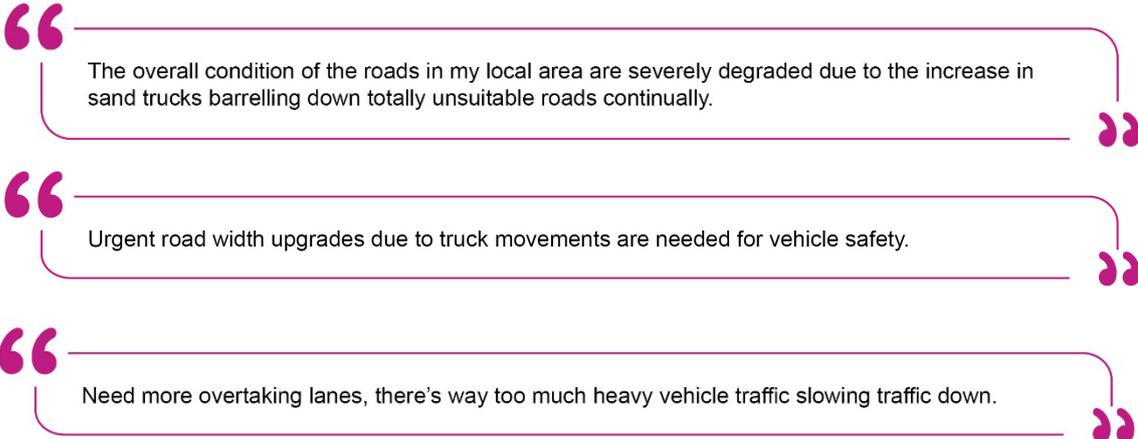
WA is not unique in not capturing condition data across road networks. We tried to compare the condition of the WA regional local government road network to other jurisdictions in Australia but were unable to do so. No state yet has a consolidated collection of local road condition information. New South Wales is the first jurisdiction reported to map its state and regional road network. This map shows their road safety star ratings under the Australian Road Assessment Program with the data collected from surveys over the past 10 years<sup>8</sup>. However, this does not include local government managed roads.

### Regional local roads are under increasing pressure

The audited LG entities and the regional road groups we met consistently raised that increasing pressure on regional roads is making the need for road maintenance more frequent and putting financial strain on LG entities. These changes included an increase in and frequency of traffic and the growing impact of heavy haulage vehicles resulting in:

- accelerated wear on road surfaces leading to rutting, cracking and edge failures
- safety concerns particularly where there are multiple local road users and narrow winding roads
- amenity issues with noise complaints, dust and pollution and reduced quality of life
- economic strain as poor road conditions increase vehicle operating costs and time taken to travel along routes
- the risk of secondary freight routes developing, leading to trucks using roads that were not designed for this purpose.

Impact of heavy haulage vehicles were also made by regional road users through our survey (Figure 5).



Source: OAG survey of regional road users

**Figure 5: Survey response highlighting increasing pressure on local roads**

<sup>8</sup> Transport for NSW, [NSW AusRAP map](https://www.transport.nsw.gov.au/transport/nsw/road-conditions), transport.nsw.gov.au website, n.d., accessed 6 November 2025.

Regional road groups highlighted that LG entities are trying to assess the impact of road trains and the change in use of local roads by collecting condition data and recording traffic counts. This information, once collected, can inform LGIRS in the allocation of grant funding to local governments. However, the collection and submission of traffic count data is not consistent. More than half of regional LG entities have not provided this data to LGIRS. This included two of our audited LG entities, the Shire of East Pilbara and the Shire of Derby-West Kimberley. The information for these LG entities in the asset preservation model is therefore incomplete and they may be missing out on funding that could improve road conditions for their communities.

Examples of where road usage information has assisted LG entities include:

- The City of Greater Geraldton accessing more Financial Assistance Grant funding by providing traffic count data to LGIRS on some of its local roads, including 37 kms of the Tardun-Pindar Road. During peak harvest season (December 2024) the equivalent average annual daily traffic (EQAADT) count saw an increase of 374% (73 to 346) of heavy haulage traffic. This saw this road deteriorate more quickly due to heavy haulage vehicles.
- The Shire of Dumbleyung, along with other LG entities in the Wheatbelt also used road usage information to secure additional Wheatbelt Secondary Freight network funding.

## **Differences in capability and capacity means not all LG entities are effectively maintaining their roads**

### **The quality of road maintenance planning varies between LG entities which affects their ability to deliver road maintenance**

The Shire of Dumbleyung was the only audited entity to have implemented an effective road strategy that defined its maintenance needs using condition data and levels of service to determine the life cycle of its road network. The other four audited LG entities did not have up-to-date asset management strategies and plans, limiting their ability to plan and deliver maintenance programs. The City of Greater Geraldton's plan was last updated 15 years ago, with two other LG entities not updating their road maintenance plans for over five years. This increases the risk of these entities relying on reactive maintenance and not always considering whole of life asset maintenance. This may save local governments money in the short term but will be more expensive and less effective in the long term.

There are opportunities for LG entities to learn from each other, identify better practice and help establish effective asset management throughout the sector. The Shire of Dumbleyung demonstrates having up to date strategies and plans can help shift road maintenance from operational or reactive to more effective asset management, linking maintenance needs to funding, labour and resources. The Shire's road strategy details the short, medium and long term planning of its road maintenance program (see Case study 1).

### Case study 1: Shire of Dumbleyung demonstrates better practice in its management of local road maintenance

The Shire of Dumbleyung is in the Wheatbelt region of WA, 275 kms southeast of Perth. The Shire covers 2,540 square kilometres and had a reported population of 693 people in 2023-24. The main economies in the area are agriculture, livestock production, and tourism.

The local government is responsible for the maintenance of 990 kms of local roads (Figure 6), 244 kms of them are sealed and 746 kms are unsealed. The local road network is relatively small and compact and the Shire's climate is relatively benign (warm summers and mild winters with few extreme weather events).



Source: OAG

**Figure 6: Local roads in the Shire of Dumbleyung**

In July 2024 the Shire established a roads strategy that is supported by operations management manuals for both its sealed and unsealed roads (Figure 7) and an asset management model. The model uses condition data and the life cycle of a road to apply an annual deterioration component to each road segment. When the segment is predicted to reach an unacceptable condition, the program automatically applies remedial works.

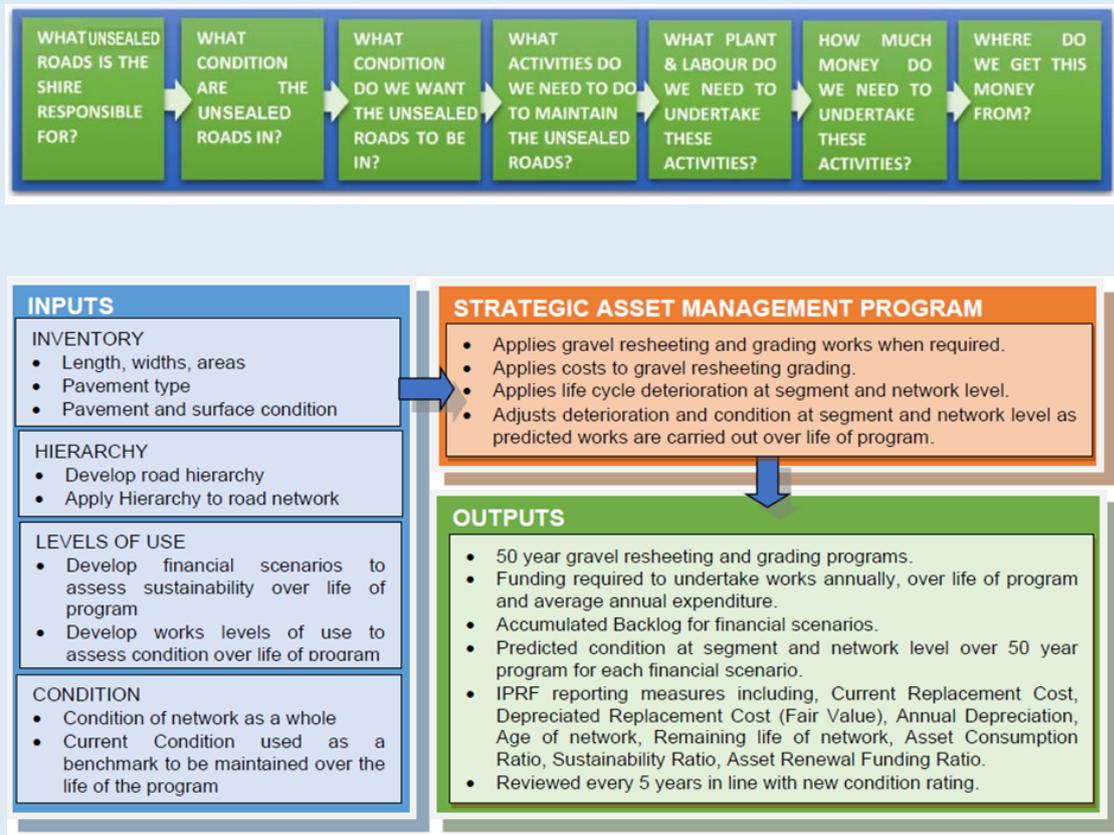
This allows the Shire to implement a preventative road maintenance strategy and the ability to report on its road maintenance backlog.



Source: Shire of Dumbleyung

**Figure 7: Shire of Dumbleyung Roads Strategy for sealed and unsealed roads**

Below are extracts from the Shire's unsealed roads strategy that highlight its ability to manage its roads and link funding sources, labour, equipment and materials (Figure 8). Its process of strategic asset modelling for unsealed roads includes the key steps detailed below. Its strategy for sealed roads follows the same principles (adjusted to reflect a sealed road).



Source: Shire of Dumbleyung

**Figure 8: Shire of Dumbleyung unsealed roads strategy**

### The regional road network is vast and varied and each local government's roads present different maintenance requirements

The type and size of local roads adds to the complexity of implementing effective road maintenance strategies. The audited entities' roads vary in type and length from 990 to 3,000 kms (Table 1). For example, the Shire of Dumbleyung, a small local government with a compact network and limited exposure to extreme weather, was better positioned to manage both sealed and unsealed roads. In contrast, entities like the Shire of Derby-West Kimberley and the Shire of East Pilbara have different maintenance challenges. They are required to maintain roads over vast distances, in more remote locations and with potentially limited periods of time to get work done because of seasonal weather patterns. The Shire of East Pilbara is the largest in Australia covering 371,244 square kilometres (larger than the state of Victoria).

	Built up areas asphalt seal (kms)	Built up areas sprayed seal (kms)	Sealed roads outside built up areas (kms)	Gravel roads (kms)	Formed roads (kms)	Unformed roads (kms)	Total road network (kms)
<b>City of Greater Geraldton</b>	136	155	532	967	202	93	2,085
<b>Shire of Derby-West Kimberley</b>	0	43	58	454	766	418	1,739
<b>Shire of Dumbleyung</b>	0	7	237	659	84	3	990
<b>Shire of East Pilbara</b>	37	19	176	1,535	951	408	3,126
<b>Shire of Manjimup</b>	15	54	457	699	65	19	1,309

Source: OAG using WALGA reported information

**Table 1: Type and length of local road network at each of the audited LG entities**

All of the audited entities understand and are maintaining their roads (Figures 9 and 10) however, they have implemented different ways to do this reflecting local environments. In setting work programs and strategies, audited entities consider priorities and how to best achieve value for money while respecting budget constraints. They also factor in the types of roads and road related infrastructure needing to be maintained, their road hierarchy criteria and how to address challenges faced by their road network:

- three of the entities maintain both their sealed and unsealed roads using a combination of internal and external resources
- the Shire of East Pilbara's strategy focuses on a reactive maintenance program for its unsealed roads. This is largely due to the size of its network, impact of weather and staffing and contractor challenges
- the Shire of Derby-West Kimberley has an alternate strategy where it outsources its road maintenance.



Source: OAG

**Figure 9: Maintenance of regional local roads**

“ The Shire is keeping the gravel roads in great condition. Especially seeing the amount of truck use. Also great communication in wet periods so we can all do our part to protect road integrity with vehicle movements. I really appreciate the care our Local Government take in maintaining road quality. ”

“ The Shire does the best they can. ”

Source: OAG survey of regional road users

**Figure 10: Survey responses recognising regional LG entities maintenance of local roads**

**Regional LG entities can struggle to access skilled staff, resources and materials which can impact delivery of local road maintenance**

Regional LG entities operating in already challenging remote environments are further constrained in their ability to manage their road assets and deliver effective road maintenance. Discussion with regional road groups identified common constraints that disproportionately affect regional LG entities. These include recruitment and retention of skilled staff, challenges in accessing materials, meeting regulatory requirements and

inflationary pressures. These can negatively impact the delivery of road maintenance, lead to significant delays and increase the cost of maintenance.

It can be difficult to recruit experienced asset managers, infrastructure directors, road managers and engineers in remote areas where everyone is vying for the same resources (Figure 11). The Shire of East Pilbara advised the ability for them to perform their road maintenance is dependent on access to skilled drivers to grade their unsealed roads, otherwise works stop.



Source: OAG

**Figure 11: Key staff in the Shire of Derby-West Kimberley, Shire of East Pilbara and City of Greater Geraldton**

A reliance on key staff increases the risk that built-up knowledge of road networks will be lost when staff turnover occurs. To compensate for this, LG entities need up-to-date documented asset strategies, maintenance plans, procedures and asset management systems, which not all the LG entities have. Since we visited the five audited LG entities, experienced staff including an Infrastructure Director and a Manager Maintenance Operations from two entities have moved on.

Access to materials and meeting regulatory requirements impacts and delays road maintenance. In the Shire of East Pilbara, access to materials and water is a key inhibitor which can delay work even if funding is available. We were also told by regional road groups, and in our survey (Figure 12), that environmental, native title and utility approvals for local road projects often take 12 to 18 months, or longer. This can delay road projects and may impact LG entities' ability to spend allocated funds.

“ Council does well with the resources available but is hampered by clearing legislation requirements. ”

Source: OAG survey of regional road users

**Figure 12: Survey response highlighting impact of regulatory requirements**

The cost of road maintenance has increased however not all funding has kept up with inflation. WALGA reported<sup>9</sup> based on Australian Bureau of Statistics, that the average increase in road maintenance costs across the State since 2018-19 was more than 55%. Some LG entities with small rate bases have limited scope to increase their own source funding to match increasing maintenance costs. This has required LG entities to make decisions prioritising some roads over others and has led to some roads in remote areas with low traffic volumes being orphaned and not maintained.

We travelled on sections of local roads accessing Indigenous and remote communities that were in a poor condition. In the Shire of Derby-West Kimberley over 500 kms of public access gravel roads to Indigenous communities were not being maintained by the Shire. The Shire stopped maintaining these roads between 2003-05, once Australian government funding to maintain these roads ceased, despite receiving \$1.4 million in 2023-24 for remote Aboriginal community access roads as part of its Local Government Agreement funding. This may not be transparent to the Shire as funding is aggregated. This may have far reaching consequences, limiting people's access to emergency services, healthcare and other basic services. Poor road conditions also increase wear and tear on vehicles, raising the risk of breakdowns and accidents.

Some roads may not be fit for purpose or not be built to accommodate the weather. We saw in the Shire of East Pilbara waterway crossings that were impassable and roads that were washed away. This physically and socially isolates communities that use these roads. Case study 2 highlights the challenges facing the Shire of East Pilbara where we saw local roads that cannot cope with annual rainfall and evidence of damage caused by a recent severe weather event. Case study 3 highlights some of the challenges the Shire of Derby-West Kimberley has experienced in recent years.

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<sup>9</sup> WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 36.

## Case study 2: Shire of East Pilbara

The Pilbara is characterised by very hot summers, mild winters and low and variable rainfall. Rainfall in the eastern Pilbara is influenced by tropical and monsoonal drivers, which are predominantly active in summer and autumn.

We visited the Shire in January 2025 and saw many sections of roads that were damaged by surface water and in very poor condition due to heavy rains. Some roads were closed. This highlights the challenge this Shire faces and questions whether some of the roads and supporting infrastructure (bridges, flood ways and culverts) are fit for purpose and built to accommodate the climate and topography of the region. The audit team took these pictures during their visit (Figure 13).



Source: OAG

**Figure 13: Damaged roads in the Shire of East Pilbara**

In February 2025 (three weeks after we visited the Shire) ex-tropical cyclone Zelia caused additional damage to the roads. The pictures below were sourced from the Shire (Figure 14).

**Hillside - Marble Bar Road (severe washout)**



**Goldsworthy Road with De Grey River flooded**



**Muccan Shay Gap Road**



**Warrawagine Road**



Source: Shire of East Pilbara

**Figure 14: Impact of cyclone Zelia on Shire of East Pilbara local roads**

### Case study 3: Shire of Derby-West Kimberley

The Shire of Derby-West Kimberley has experienced four significant rainfall events in the last four years, over and above the routine wet season rains, including ex-tropical cyclone Ellie in January 2023. These have caused additional damage to the Shire's road network. The Shire has estimated the cost of reinstatement works required is over \$18 million.

Although the Shire has qualified for funding under the disaster recovery funding arrangements, we saw roads where the damage had not been repaired and continued to impact communities that use these roads.



Source: OAG

**Figure 15: Gee Gully Bridge in the Shire of Derby-West Kimberley**

For example, parts of Gee Gully Bridge were washed away in January 2023. We took this picture (Figure 15) during our visit in February 2025. At the time of this report, funding to repair the Gee Gully Road floodway had not been received, with the outcomes of submissions made unknown. Due to the wet season and procurement requirements, works cannot commence before April–May 2026, even if funding was immediately available.

LG entities advised the process for applying for disaster relief funding is time consuming and complex. Evidence must be submitted showing the condition of the asset before and after the disaster event. The burden of proof resides with the LG entity.

Disaster relief funding is paid on reimbursement. LG entities usually fund the repairs themselves while waiting on relief funds.

This money can only be used to restore assets to the condition they were before the emergency event. The Shire of Derby-West Kimberley is applying for federal government Betterment Funding, to help them improve the standard of the Gee Gully Bridge, so that it is able to withstand future flooding events.

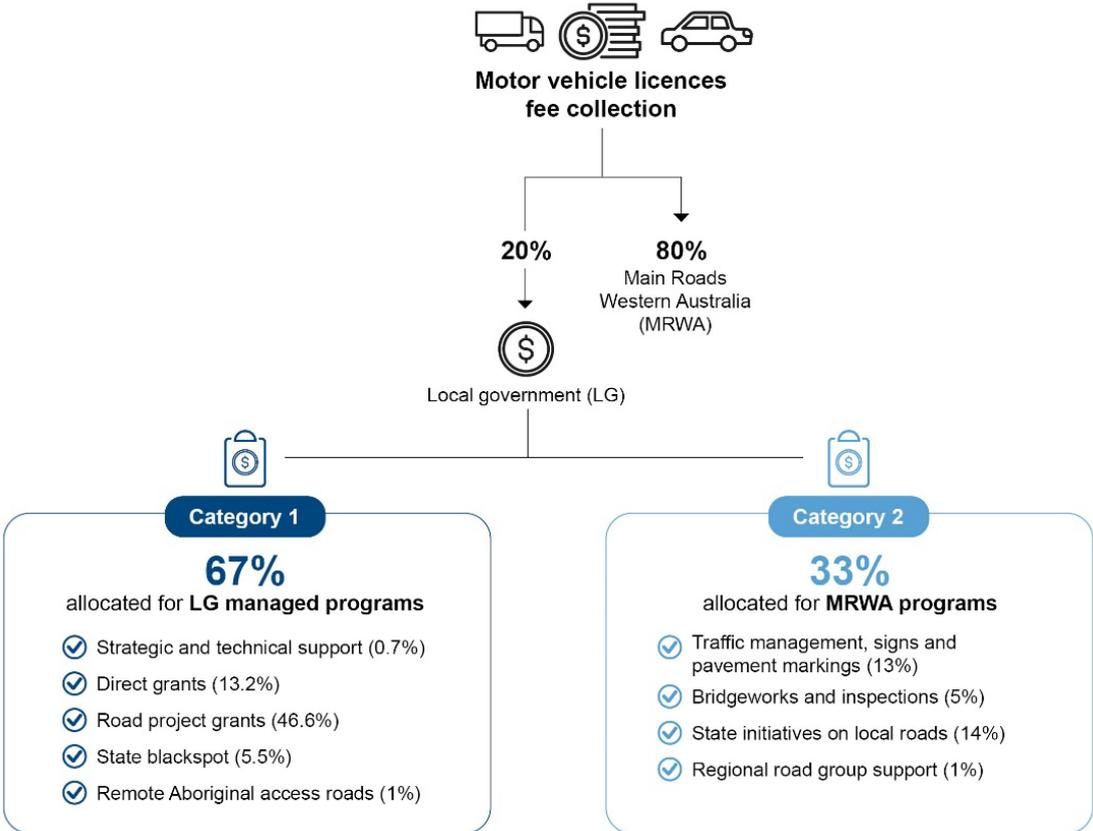
# Outdated and rigid funding arrangements can be barriers to regional LG entities accessing adequate road maintenance funding

Funding arrangements do not reflect or adapt to the diversity of both the roads and the capacity and capability of the local governments maintaining them. This has resulted in funding being directed to some local governments who may not need it while others report a widening gap in their ability to preserve their road assets. Many regional LG entities have limited capacity to fund any shortfalls for road maintenance.

## There are no criteria to show how the distribution of motor vehicle licence fees reflects local road maintenance needs

LG entities may not receive the funding they need because there are no criteria to support the 80/20 allocation of funding between the state and local government roads. Without criteria we cannot tell if funding effectively reflects local road maintenance needs. WALGA, Main Roads and the audited LG entities advised us that they welcome the Local Government Agreement because it provides certainty over how much overall funding will be available for local roads over the five-year term of the agreement.

Not all of the 20% (\$253 million in 2023-24) was allocated to LG entities for the improvement and maintenance of the local government road network. Figure 16 shows the Local Government Agreement funding is broken down into two categories, with 67% allocated to local government managed programs (Category 1) and 33% to Main Roads managed programs also used for improving and maintaining local roads (Category 2).



Source: OAG using information in the Local Government Agreement

**Figure 16: Funding arrangement within the Local Government Agreement**

Direct grants, which all regional LG entities are guaranteed to receive, make up less than 10% of budgeted motor vehicle licence fees. The rest of the funding available through the Local Government Agreement is distributed through road project grants which are subject to eligibility criteria. Regional road groups work with LG entities in their region to assign funding where criteria, including the requirement to self-fund one third of project cost can be met and works can be prioritised. Even if an LG entity has secured the grant, a project may not go ahead in the required timeframe because matching funds may no longer be available. This can mean priority projects are not implemented as planned.

More funding for local roads would be available if the Local Government Agreement was based on actual rather than budgeted motor vehicle licence fees. The five-year agreement specifies budgeted motor vehicle licence fees and the current allocation is in accordance with that. However, over a 10-year period actual motor vehicle license fees were consistently above budgeted amounts, to a total of \$205 million that could have been added to the pool of road maintenance funding available for both state and local roads. This would have made an extra \$41 million available to local governments based on the 80/20 split (see Table 2). The difference between budgeted and actual licence fees is currently being retained by Main Roads in the Metronet and Westport Special Purpose account.

Year	Budgeted motor vehicle licence fees \$'000	Actual motor vehicle licence fees \$'000	Variance \$'000
2023-24	1,262,972	1,293,002	30,030
2022-23	1,169,227	1,204,720	35,493
2021-22	1,090,188	1,120,357	30,169
2020-21	1,010,449	1,047,950	37,501
2019-20	980,044	997,191	17,147
2018-19	911,322	948,835	37,513
2017-18	873,660	894,449	20,789
2016-17	862,526	842,743	-19,783
2015-16	833,362	831,148	-2,214
2014-15	788,201	806,618	18,417
<b>Total variance 2014-15 to 2023-24</b>			<b>205,062</b>

Source: OAG using State Budget papers

**Table 2: Variance between budgeted and actual motor vehicle license fees 2014-15 to 2023-24**

### The asset preservation model does not effectively reflect local road needs because it is outdated and does not capture all relevant information

The asset preservation model used in distributing Financial Assistance Grant funding and direct grants under the Local Government Agreement is not fully effective in meeting regional LG entities maintenance needs. The model, which was implemented in 1990, does not take into consideration road condition data and the ability of LG entities to fund their road maintenance activities. These are all factors which determine road maintenance needs. Because the model does not include them this can result in funding not being directed to the local governments with the highest or most pressing maintenance needs.

Two of the audited LG entities estimated funding shortfalls. In 2024 the Shire of East Pilbara estimated it needed an extra \$196 million to fund its road maintenance backlog. In 2021 the Shire of Derby-West Kimberley also estimated that it needed an additional \$78.3 million. These estimates of maintenance backlog exclude funding requirements to reconstruct roads damaged by flooding events and demonstrate that funding does not meet the needs of these

two Shires or that available money has not been spent on road maintenance. We saw many roads in these two shires which were in a very poor condition.

Not all LG entities are able to self-fund their road maintenance activities. Many regional LG entities have a limited rate base to draw on. Where LG entities have limited ability to self-fund they are more reliant on grant funding. However, these differences are not reflected in the asset preservation model used to distribute Financial Assistance and Local Government Agreement grant funding.

For instance, the City of Greater Geraldton has a higher population and rate base to help fund a smaller sized network than Shire of Derby-West Kimberley with a smaller rate base to maintain a much larger road network. This means in the City of Greater Geraldton there are 19.9 people for every kilometre of local roads while in the Shire of Derby-West Kimberley there are 4.8 people per kilometre. Table 3 highlights the different sizes, populations and revenue between the five audited LG entities.

	Size (km <sup>2</sup> )	Population	Length of local roads (km)	People for every kilometre of local roads	Revenue 2022-23 (000's)	Rates 2022-23 (000's)
<b>City of Greater Geraldton</b>	9,889	41,515	2,085	19.9	\$92,365	\$50,145
<b>Shire of Derby-West Kimberley</b>	119,842	8,410	1,739	4.8	\$27,239	\$8,669
<b>Shire of Dumbleyung</b>	2,541	693	990	0.7	\$5,989	\$1,932
<b>Shire of East Pilbara</b>	371,244	10,311	3,126	3.3	\$72,691	\$28,389
<b>Shire of Manjimup</b>	7,026	9,412	1,309	7.2	\$26,889	\$10,550

Source: OAG using WALGA, LGIR and local government information

**Table 3: Preservation needs demonstrating some of the differences between the five audited LG entities**

Because of gaps in the information used in the model, its predictions of LG entities road maintenance needs may not be wholly accurate. However, the asset preservation model is the only assessment of whether LG entities are able to fund their predicted maintenance needs. Using the model, WALGA reports<sup>10</sup> a widening gap in local government’s ability to preserve their road assets. Based on their report, metropolitan LG entities were spending more than the amount required to preserve their road assets. At the same time regional LG entities reported their expenditure on roads was not enough to meet their road preservation needs. Table 4 shows the asset preservation need is greatest for regional LG entities, with the asset preservation gap at 44.7%, demonstrating funding is not matching the predicted needs of the regional LG entities.

<sup>10</sup> WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 7.

Local government road expenditure	Metropolitan (\$M)	Regional (\$M)
Asset Preservation Need	\$281.6	\$773.5
Financial Assistance Grants (road component only)	\$36.3	\$99.7
Expenditure from own source revenues	\$203.2	\$80.5
Expenditure from other sources	\$85.2	\$247.5
<b>Total Asset Preservation Expenditure</b>	<b>\$324.7</b>	<b>\$427.7</b>
Asset Preservation Gap	<b>-\$43.1</b>	\$345.8
Asset Preservation Gap	<b>-15.3%</b>	44.7%

Source: OAG using WA LGGC and WALGA information

**Table 4: Asset preservation gap 2023-24**

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## Recommendations

To enable an evidence-based road asset maintenance program, LG entities should:

1. ensure road condition data is up to date and used in up-to-date asset management plans and work programs to enhance preventative road maintenance. (Some regional LG entities will need support to achieve this by the implementation timeframe or condition data over local road networks will be built over a longer timeframe.) Valuations performed by local governments to meet financial reporting requirements provide a good opportunity for LG entities to obtain enhanced baseline data.

**Implementation timeframe:** October 2027

**Entity response:** Audited LG entities support this recommendation, recognising some regional LG entities would need assistance to implement.

2. promote transparency and understanding of maintenance prioritisation decisions with stakeholders, including ratepayers by:
  - a. determining and reporting the road condition and maintenance backlog and, as part of moving to better practice, work towards:
  - b. defining service level standards for road maintenance in engagement with local communities
  - c. reporting on delivery of road maintenance against agreed service levels.

**Implementation timeframe:** July 2028

**Entity response:** Audited LG entities support this recommendation, recognising some regional LG entities would need assistance to implement.

To help LG entities in maintaining local roads, collaboration between LG entities, Main Roads, LGIRS and WALGA should be improved. These entities should:

3. use local road condition data to inform both regional and statewide road strategies to:
  - a. support evidence-based decision making to improve road asset management and ensure sustainable infrastructure outcomes for regional road users
  - b. review funding via the Local Government Agreement and use of the Asset Preservation Model to ensure it remains fit for purpose and supports sustainable road asset management
  - c. include mechanisms to measure progress against goals set for local roads.

**Implementation timeframe:** July 2028

**Entity response:** Recommendation supported.

## Response from City of Greater Geraldton

The City of Greater Geraldton (the City) welcomes the comprehensive review and acknowledges the significant challenges and opportunities identified in the report. We appreciate the recognition of the complexity involved in maintaining an extensive and diverse regional road network, and the importance of robust asset management and sustainable funding models.

### Progress and Commitment

The City has made substantial progress in improving the quality and coverage of its road condition data as part of our asset management maturity program and recent infrastructure revaluations. This has enabled more informed and strategic allocation of resources, supporting both preventative and reactive maintenance. We are committed to further enhancing our asset management plans, including the integration of up-to-date condition data for both sealed and unsealed roads, as recommended in the report.

### Collaboration and Funding

Collaboration with Main Roads WA and participation in Regional Road Group and Black Spot funding programs have enabled the successful delivery of numerous projects. However, we echo the report's findings that current funding models and the asset preservation framework require review to better reflect the diversity of local road networks, actual road conditions, and the financial capacity of regional local governments. We strongly support the recommendation to update these models to ensure resources are directed where they are most needed, and to close the asset preservation gap identified for regional entities.

### Support for Recommendations

The City fully supported the report's recommendations, particularly:

- Ensuring road condition data is current and used in asset management and maintenance planning.
- Promoting transparency in maintenance prioritisation and reporting on service levels and backlogs.
- Improving collaboration and data sharing between local governments, Main Roads and WALGA, and other stakeholders to inform statewide strategies and funding decisions.

We also note the importance of addressing workforce and resource constraints, and the need for targeted support to build technical capacity in regional areas.

## Response from Shire of Derby-West Kimberley

### Response to Recommendations:

- While there is merit in all three of the recommendations, not all local governments are resourced to achieve the outcomes of the recommendations.
- Assistance would be sought to achieve these goals, as in its current capacity, the Shire would not be able to achieve this while still delivering all of the core services required to be undertaken.

While the Shire welcomes a study into the maintenance of road networks in local government authority's (LGA) across the state and the funding issues that come with

these maintenance programs. It must be noted that not enough evidence had been gained to understand the staffing requirements required by each individual LGA to fully understand if any of the recommendations can be implemented.

Staff in regional and remote areas are difficult to recruit and retain, there are varied workloads on the workforce in the different locations, and noting the competency and knowledge of the staff may vary in locations as well.

One opportunity that exists is knowledge sharing between LGA's and additional information be provided to staff to assist in collection, recording and entering of data. This together with training development to increase staff knowledge and understanding in the delivery of maintenance of road networks.

The funding available to provide these maintenance programs is inadequate.

## Response from Shire of Manjimup

The Shire of Manjimup would like to thank the WA Office of the Auditor General, the Western Australia Local Government Authority and Main Roads Western Australia for their time and effort in investigating and collating data associated with maintaining regional local roads. The Shire is proud to have been part of this performance audit.

Shire staff have reviewed the report and congratulate the findings, noting the identified inequities in the funding models administered by the Commonwealth and Western Australian Governments. The recommendations within the report suggesting that this is discussed and advocated for (a solution) at a State level, is strongly supported.

With regard to the recommendations proposed within the report, the Shire offers the following responses:

### Recommendation 1

Strongly Support. The Shire of Manjimup see this proposal as a positive implementation to enable and enhance preventative road maintenance. Whilst works are happening in this space for the Shire, we have found that the team are faced with constraints around adequate staffing levels, expertise in regional areas, ability to recruit to regional areas due to lack of housing and services, inability to access raw materials, and general 'red tape'. Budgeting constraints and geographical rate basis also play a major role.

### Recommendation 2

Supported. The Shire is interested to progress the research into road maintenance backlogs. The Shire has been working in this space over numerous years as part of its integrated planning and reporting framework through the Strategic Community Plan, Corporate Business Plan and the Annual Budget. The Shire is keen to explore models for reporting on delivery of road maintenance against agreed service levels moving forward.

### Recommendation 3

Strongly Supported. The Shire will certainly advocate to these groups regarding asset management and funding. This is seen as a positive and a priority.

## Response from Shire of Dumbleyung

Shire of Dumbleyung supports the main content included in the report. The Shire of Dumbleyung recommends undertaking a comprehensive road condition assessment should be the first primary data and information collection task, then follows an assessment of minimum service levels, road functionality (design standards), road hierarchy/prioritisation/use, and resourcing needs. The resourcing activity targets both

labour, plant and financing (funding) needs. Road maintenance backlog also falls out of all this work. The timeframes for report implementation should also be reviewed and extended to allow sufficient time for the LGA sector and other key stakeholders to consider report implications and to secure necessary resources to support effective delivery.

## Response from Shire of East Pilbara

### Recommendation 1

While we agree with recommendation 1 that updated road condition assessment data is important to have, LG's having a road network consisting of extreme extents and remoteness require a dedicated source of funding for such LG's. Road condition assessment should be externally funded or carried out by organisations such as Main Roads, WALGA, etc. with information made available to LG's free of charge. WALGA recently had a condition assessment done for LG's in the Pilbara but limited the roads included, to those on the Main Roads - Roads 2040 list. With our vast road network and the cost involved, we are unsure when we will be in a position to have the rest of over 3,000 km unsealed road network surveyed. We believe the implementation timeframe should be extended to allow for more assistance with this.

The amount of money available for grant funding to assist LG's, especially LG's that have a low rate base but that have to maintain a large road network with remote roads located as far as 24 hours drive from the nearest town/centre from which maintenance crews/contractors can operate, is insufficient. You can imagine the mobilisation/demobilisation and camping costs associated with works on these remote roads.

### Recommendation 2

The Shire of East Pilbara is expected to maintain roads connecting remote Aboriginal communities and are also interstate connecting roads yet there are no rates paid by these communities and the funding allocated by the Government for preservation of these roads are totally insufficient e.g. our calculations show that the current funding amount allocated to re-sheet Aboriginal community access roads is only sufficient to re-sheet sections of these roads once every 120+ years. Expecting the communities affected by this impossible task to predict which roads should be done and when, is therefore completely unrealistic. Again, the implementation date should be extended to be met realistically.

Maintenance grading is only effective if a road has a base course that can be graded and most of the Shire of East Pilbara roads have deteriorated to the point where we are grading the sub-grade which consist of either rock outcrops, or soft fine sand, which is essentially a waste of time and money to maintenance grade.

Many of these roads have deteriorated to levels below the adjacent landscape which means these roads have become the stormwater drain instead of having a road higher than the surrounding landscape with side drains where water can run off to.

Therefore, it is our opinion that LG's in the category described above, require a separate bucket of funding allocated to such LG's specifically for these circumstances.

### Recommendation 3

Calculations two years ago by the Shire shows that to re-sheet the roads that were sub-standard then, would cost \$196,000,000, the amount is now probably way over \$200M mark. In addition, the damage caused by Cyclone Zelia is estimated to be \$49M (plus \$10M for floodway construction). Evidence of the road conditions for the damaged roads

have been provided in detail yet, DFES has been reimbursing, or committed to reimburse, on average, less than 50% of the Shire's cost estimates. As a result, we have roads that are unsafe to travel on and we had to close such roads and allow access based on a permit system. This is not how a public road network should function.

Again, we are in support of having road condition assessments done, but the bottom line remains that the pot of money that Government is making available to assist remote LG's, is too small and the distribution must be based on each Shire's local circumstances, e.g. length or road network, remoteness, ratepayer base, etc.

The setback caused by Cyclone Zelia and the ongoing reluctance from DFES to reimburse the Shire to repair the damaged roads to acceptable standards, will have a major impact on road condition assessments. Also, should another cyclone or rainstorm event hit the Shire of East Pilbara road network, the network will become even more unsafe.

## Response from Main Roads WA

In relation to the recommendations the following response is provided:

**Recommendation 1** - This recommendation is for Local Government (LG) entities' consideration.

**Recommendation 2** - This recommendation is for LG entities' consideration.

**Recommendation 3** - Supported with consideration to an adjusted implementation timeframe of July 2028.

The report highlights the challenges facing regional Western Australian (WA) Local Governments recognising that maintaining a road network across a large state also presents challenges for the State Government through Main Roads WA. The provision of State funds for both local roads and state roads is a fine balance based not just on need but also delivery capacity.

The WA Government is the only Government to enter into a formal agreement with Local Government through State Road Funds to Local Government Agreement (SRFLGA) [Local Government Agreement]. This provides a structured approach to the provision of funding for both maintenance and improvements to support Local Government Road asset management. This is in the context of the SRFLGA representing 25 per cent of the overall funding used by LGs to manage their road network with the balance being 50 per cent from LG's own source revenue and 25 per cent from the Australian Government.

The SRFLGA is founded on collaboration between State and Local Governments to ensure appropriate road access management across WA.

The collaborative relationship is managed through the SRFLGA State Advisory Committee (SAC). SAC have always considered opportunities to build capacity and capability across the LG sector with funding for initiatives such as:

- Condition assessment data collection on local roads of regional significance.
- Implementing KPIs focused on road and bridge condition data collection.
- Development of harmonised Multi-Criteria Assessment for Regional Road Groups to prioritise Road Project Grant proposals from LGs.
- Review of WALGA Road Visual Condition Assessment Manual.
- Initiating a LG Transport and Roads Research and Innovation Program which includes a focus on asset management to build evidence-based capability.

- The WALGA Report on Local Government Road Assets and Expenditure - to provide asset management insights as highlighted by its use in the audit report.

The Report's call for improved collaboration is supported, and opportunities will be discussed and agreed, as appropriate, through the SAC.

## Response from Department of Local Government, Industry Regulation and Safety

The Department of Local Government, Industry Regulation and Safety (LGIRS) supports the recommendations including the need for improved information on road condition and supports the adoption of new and emerging technologies across the sector to meet this need.

The report highlights some key issues the local government sector will need to address as well as issues for funding bodies, including the Western Australian Local Government Grants Commission (WALGGC).

LGIRS supports collaboration with relevant entities to extend use of road condition data to support improved road asset management outcomes. This includes, subject to the consideration of the WALGGC, reviewing funding via the asset preservation model.

LGIRS notes that the WALGGC is the primary user and custodian of the asset preservation model. This means it is for the WALGGC to examine the relevant findings of the report and consider a way forward for the asset preservation model. This will include whether it is appropriate to incorporate existing road condition data into the asset preservation model, particularly with consideration to the legislative constructs it operates within.

While collaboration with other entities to progress this recommendation is achievable in the suggested implementation timeline (December 2026), it is noted that realistically, it will take more time for local governments to develop the capacity to maintain road condition data and for the data to be made available for the WALGGC to use in the asset preservation model.

Existing relationships already exist between LGIRS (via the WALGGC), WALGA and Main Roads WA to support the allocation of Financial Assistance Grant special project funding. In addition, Main Roads WA shares local government road data with LGIRS and LGIRS and WALGA have a shared roads officer. These relationships can be leveraged to support recommendation 3.

## Response from WA Local Government Association

Although there is currently no published information consolidating the condition of regional Local Government managed roads, technology developments have resulted in the cost of collecting, storing and analysing road condition information falling substantially over the past decade. This makes it increasingly feasible to objectively report on road condition and use this information to develop road maintenance plans. Collection of condition data for Regionally Significant Roads undertaken by WALGA over the past four years is intended to pilot this approach.

Skilled and available people are not widely available in regional Local Governments to analyse condition information along with other important considerations including the safety and capacity of each road segment, to develop road investment programs. Rapidly developing technologies will likely assist in undertaking these tasks in the future, but this remains an industry-wide issue to be addressed.

Road managers need to apply limited resources to routine maintenance, periodic maintenance (or renewal) and improvement works that make the network safer and / or increase capacity. Consequently, a range of data in addition to existing road condition is required to optimise the allocation of limited road funding and apply it to those projects that deliver the best outcomes for the community.

The majority of road wear is attributed to heavy vehicle traffic. Most regional roads are open to large, heavy vehicles, including those operating under mass management schemes. This impact is not comprehensively considered in regulatory decision-making regarding acceptable axle loadings and total road freight tasks.

## Audit focus and scope

The objective of this audit was to assess if regional local government entities effectively manage the maintenance of their local roads. We audited five regional LG entities and included Main Roads and the LGIRS within the scope of the audit. We based our audit on the following criteria:

- Do regional local governments have appropriate information and data on the condition of the roads they own or are responsible for?
- What funding is available to regional local governments and are they accessing funding that may be available?
- Do regional local governments have a structured and risk-based process to prioritise and fix roads in poor condition?

The five local government audited entities were:

- City of Greater Geraldton
- Shire of Derby-West Kimberley
- Shire of Dumbleyung
- Shire of East Pilbara
- Shire of Manjimup.

These entities were selected considering the size and complexity of road networks and a cross section of regional local governments across WA.

As part of this audit we:

- reviewed the policies, procedures and processes relating to the maintenance of regional local government roads
- visited the five audited LG entities, interviewed relevant staff responsible for maintaining roads and travelled along and sighted thousands of kilometres of regional local government roads
- reviewed the roles and responsibilities of Main Roads and LGIRS relevant to the allocation of funds for local government road maintenance
- reviewed the State Road Funds to Local Government Agreement 2023-24 to 2027-28
- consulted the State Road Funds to Local Government Advisory Committee, eight regional road groups and WALGA as key stakeholders involved in the maintenance of local government roads
- conducted a survey of regional road users to seek community feedback. The survey received 759 responses.

We did not assess the maintenance of State highways and roads managed by Main Roads or roads and tracks in National Parks and State forests managed by the Department of Biodiversity, Conservation and Attractions.

We did not assess supporting road infrastructure such as drainage and bridges.

This was an independent performance audit, conducted under section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements

*ASAE 3500 Performance Engagements.* We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management and operations of entity programs and activities. The approximate cost of undertaking the audit and reporting was \$551,000.

## Auditor General's 2025-26 reports

Number	Title	Date tabled
3	Maintaining Regional Local Roads	12 November 2025
2	Gold Corporation – Trade Applications	29 October 2025
1	Management of Housing Maintenance Information	6 August 2025

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Office of the Auditor General  
for Western Australia



Our Ref: D-25-122203  
Your Ref: F23/218  
File Ref: FM/3/0029  
Enquiries: Robert Budd

15 October 2025

Mr Jason Beely  
Assistant Auditor General  
Office of the Auditor General

Via email: Jason.Beeley@audit.wa.gov.au

Dear Mr Beeley

## **PERFORMANCE AUDIT: MAINTAINING REGIONAL LOCAL ROADS**

Thank you for providing the Summary of Findings for the performance audit into Local Government Maintaining Regional Local Roads. The City of Greater Geraldton (the City) welcomes the comprehensive review and acknowledges the significant challenges and opportunities identified in the report. We appreciate the recognition of the complexity involved in maintaining an extensive and diverse regional road network, and the importance of robust asset management and sustainable funding models.

### **Progress and Commitment**

The City has made substantial progress in improving the quality and coverage of its road condition data as part of our asset management maturity program and recent infrastructure revaluations. This has enabled more informed and strategic allocation of resources, supporting both preventative and reactive maintenance. We are committed to further enhancing our asset management plans, including the integration of up-to-date condition data for both sealed and unsealed roads, as recommended in the report.

### **Collaboration and Funding**

Collaboration with Main Roads WA and participation in Regional Road Group and Black Spot funding programs have enabled the successful delivery of numerous projects. However, we echo the report's findings that current funding models and the asset preservation framework require review to better reflect the diversity of local road networks, actual road conditions, and the financial capacity of regional local governments. We strongly support the recommendation to update these models to ensure resources are directed where they are most needed, and to close the asset preservation gap identified for regional entities.

### **Support for Recommendations**

The City fully supports the report's recommendations, particularly:

- Ensuring road condition data is current and used in asset management and maintenance planning.
- Promoting transparency in maintenance prioritization and reporting on service levels and backlogs.



- Improving collaboration and data sharing between local governments, Main Roads, WALGA, and other stakeholders to inform statewide strategies and funding decisions.

We also note the importance of addressing workforce and resource constraints, and the need for targeted support to build technical capacity in regional areas.

Thank you again for the opportunity to provide feedback. The City looks forward to the final report and to working collaboratively with all stakeholders to implement the recommendations, improve road maintenance outcomes, and deliver safer, more reliable roads for our community.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ross McKim', written over a horizontal line.

Ross McKim  
**CHIEF EXECUTIVE OFFICER**

*Enc. Maintaining Regional Local Roads - Summary of Findings CGG Response.*