



Audit and Risk Management Committee Meeting (15 December 2025)

ATTACHMENTS

Number	Title
6.1(1)	Strategic Work Health and Safety Plan
7.1(1)	Audit and Risk Management Committee Meeting held on 31 July 2025
8.1.1(1)	AOG's Signed 2024/2025 Annual Financial Report and Audit's Report (Opinion).
8.1.3(1)	Office of the Auditor General's (OAG) Performance Audit – Maintaining Regional Local Roads

Annual Work Health and Safety Plan 2025-2026

Shire of Donnybrook Balingup / OP-WHS-001



Strategic Outcome Supported: The Shire is committed to providing and maintaining safe systems of work, consulting with workers on health and safety matters, complying with legislative requirements, and fostering continual improvement. Leadership at all levels will demonstrate visible commitment to a positive safety culture to achieve safe, sustainable, and well-managed workplaces.

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OBJECTIVE

The Shire of Donnybrook-Balingup Annual Work Health and Safety (WHS) Plan provides a strategic and operational framework for achieving the Shire's WHS objectives for 2025–2026. It supports compliance with the Work Health and Safety Act 2020 (WA) and the Work Health and Safety (General) Regulations 2022. The Plan outlines actions to protect the health, safety and wellbeing of all Shire employees, contractors, volunteers and visitors across all worksites and facilities.

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SCOPE

This WHS Plan applies to all Shire operations, departments, worksites and facilities. It covers all employees, contractors, labour hire, consultants, volunteers and visitors engaged in Shire business activities. The Plan supports the Shire's overall commitment to a proactive and compliant approach to health and safety.

DEFINITIONS

CEO means Chief Executive Officer

WHS Officer means Work Health and Safety Officer

LGIS means Local Government Insurance Scheme, WA

PCBU means Person Conducting a Business or Undertaking, as defined in the WHS Act 2020 (WA)

LEGISLATIVE AND ORGANISATIONAL CONTEXT

This Plan aligns with Western Australian WHS legislation and the Shire's strategic and operational documents, including the Corporate Business Plan, Risk Management Framework and LGIS Mutual Risk Management Program. It integrates the principles of ISO 45001 and applies the Plan-Do-Check-Act model to drive continuous improvement.



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STRATEGIC ALIGNMENT

Strategic Objective	Annual Focus
Planning	Implement and monitor WHS targets for hazard categories (e.g. ergonomic, psychosocial)
Policies & Procedures	Review and communicate updated WHS policies and SWMS
Training	Deliver competency-based training and maintain training registers
Communication & Consultation	Conduct toolbox talks, WHS Committee meetings, and feedback surveys
Documentation & Reporting	Ensure timely incident reporting and documentation reviews
Hazard Management	Maintain risk registers and monitor hazard controls
Emergency Management	Conduct evacuation drills and review emergency procedures
Measurement & Evaluation	Track KPIs and PPIs, conduct onsite observations and inspections
Management Systems	Review WHS systems and ensure senior management involvement

KEY WHS RISKS

- Vehicle and plant operation
- Slips, trips and falls
- Manual handling and ergonomic strain
- Fatigue and psychosocial hazards
- Contractor and visitor management
- Lone and remote work
- Chemical and asbestos management
- Traffic and public interaction risks

RESPONSIBILITIES AND RESOURCES

All levels of leadership are responsible for ensuring compliance with WHS legislative and Shire requirements. The WHS Officer coordinates implementation, provides advice, and monitors performance.

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Chief Executive Officer (CEO)

- Provide overall leadership and ensure compliance with WHS legislation.
- Allocate resources for WHS initiatives and audits.
- Endorse WHS Plan and monitor strategic outcomes.

Directors / Senior Managers

- Integrate WHS objectives into departmental plans.
- Ensure supervisors and staff comply with WHS procedures.
- Review monthly WHS performance reports and act on findings.

Supervisors

- Implement WHS procedures at the operational level.
- Conduct toolbox talks and hazard inspections.
- Report incidents promptly and ensure corrective actions are completed.

WHS Officer

- Coordinate implementation of the WHS Plan.
- Maintain risk registers, training records, and audit schedules.
- Provide advice, monitor compliance, and prepare monthly/annual reports.

Health and Safety Representatives (HSRs)

- Represent workers in WHS matters and attend committee meetings.
- Participate in incident investigations and hazard assessments.
- Communicate worker feedback to management.

Employees

- Follow safe work procedures and report hazards.
- Participate in WHS training and consultation activities.
- Support a positive safety culture.

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ANNUAL WHS ACTION PLAN SUMMARY

Focus Area	Key Actions
Leadership & Culture	Promote “Safety Smart from the Start” theme and visible safety leadership
Risk Management	Update risk register and conduct hazard assessments
Training & Competency	Deliver training aligned to WHS Act duties and maintain evaluation records
Incident Management	Investigate incidents with HSRs and apply hierarchy of controls
Health & Wellbeing	Run R U OK? Day, health checks, and awareness campaigns
Contractor Management	Ensure 100% induction compliance and audit contractor safety practices
Emergency Preparedness	Conduct drills and review emergency response procedures

PERFORMANCE MEASUREMENT AND REPORTING

The Shire will monitor its commitment to the continuous improvement of its safety management system through regular scheduled WHS Committee Meetings, Monthly reporting, regular observations, and onsite Inspections.

Monthly Reporting

Monthly reports on the performance of the safety management system will be compiled by the Work Health and Safety officer and presented to the Health and Safety Committee.

The monthly reports and minutes from the Work Health and Safety Committee will be forwarded to all staff.

The contents of the monthly report will summarise the following information:

- The progress and completion of key performance indicators as set in the WHS Plan.
- Review of incidents across the Council, with overdue incidents
- Reporting on all hazard inspections, safety behaviour observations, and daily site checklists across Council areas and Council projects.
- Report on any non-compliance/opportunities for improvements from internal/external audits
- Incident Statistics, including number of incidents, All Injury Frequency Rate (AIFR) and Time Injury Frequency Rate (LTIFR).
- Report on monthly objectives and targets

- Number of area actions and overdue actions.
- Agenda items from Safety committee meetings and outcomes
- Health and well-being initiatives

Annual WHS Safety Report

The Work Health Safety Officer will provide an annual report to summarise the overall yearly performance of the safety system, including the performance and results of the Annual WHS Plan. The contents of the Annual WHS report will summarise the following information:

- Results of the internal audit conducted on the Safety Management System.
- Results of any external audits conducted on the Safety Management System.
- Completion percentage of actions for the year.
- Completion percentage of Hazard Inspection Schedule for the year.
- Completion percentage and outcomes of internal surveillance audits.
- Incident Statistics, including number of incidents, All Injury Frequency Rate (AIFR), and Lost Time Injury Frequency Rate (LTIFR).
- LGW annual claims data for worker's compensation injuries
- Focus area progression
- Objective and target results and outcomes
- Opportunities for Improvement
- Oversights and corrections

Leading Indicators: Training completion, safety observations, audit participation and finding closure rates.

Lagging Indicators: Incident frequency, lost time injuries, corrective action closeout.

ANNUAL WHS KEY PRIORITIES

1. Training

- Maintain and audit training registers quarterly to track completion, expiry, and refresher dates as well as an up-to-date Training Needs Analysis (TNA) for all positions to identify mandatory, role-specific, and refresher training requirements.

- Engage accredited RTOs (e.g. AusChem Training Ltd) for nationally recognised and compliant training delivery.
- Encourage leadership participation in WHS and risk management training to strengthen safety capability at all levels.
- Monitor training completion rates monthly and report progress to the WHS Committee and management team.
- Provide targeted toolbox and awareness sessions on emerging risks, incidents, and seasonal hazards.

2. Contractor Management & Visitor

- Achieve 100% contractor induction compliance.
- Conduct regular audits of contractor safety practices and documentation.
- Maintain a formal Contractor Management Procedure aligned with WA WHS legislation and LGIS guidelines.
- Prequalify all contractors to confirm WHS capability, insurances, and licenses before engagement.
- Require Safe Work Method Statements (SWMS) or Job Hazard Analyses (JHAs) for all high-risk tasks.
- Monitor contractor performance through periodic site inspections, audits, and review of safety documentation.
- Review contractor performance annually and remove non-compliant contractors from preferred supplier lists.

3. WHS Committee and HSR Appointment

- Educate staff on the importance and influence of HSRs in shaping a safer workplace and approach respected team members in each workgroup to nominate or express interest.
- Incentivise participation by recognising HSRs through internal awards, training opportunities, or development pathways. Ensure potential HSRs are trained, understand their duties, protections, and support available.

- Support training access: Schedule and fund HSR training early in the year to avoid delays in accreditation.
- Set predictable meeting schedules well in advance and align with operational calendars.
- Make meetings meaningful by including site-specific issues, incident reviews, and opportunities for input on decisions. Follow up with non-attendees: Check in to understand barriers and reinforce the importance of their input.

4. Strengthen Safety Leadership and Culture

- Demonstrate visible leadership — WHS Officer, senior leaders regularly participate in site visits, toolbox meetings, and safety discussions.
- Integrate WHS into leadership objectives and performance reviews to reinforce accountability for safety outcomes.
- Recognise and reward positive safety behaviours through acknowledgment in team meetings and internal communications.
- Establish clear consultation channels — regular WHS Committee meetings, feedback loops, and staff safety surveys.
- Provide transparent communication about safety performance, lessons learned, and incident outcomes.
- Celebrate success by promoting safety achievements and milestones across the organisation.

5. Improve WHS Performance Monitoring

- Review the feasibility of having a centralised reporting system for all incident, hazard, and inspection data to ensure real-time visibility.
- Define clear leading and lagging indicators (e.g. training completion, hazard close-out times, incident frequency rates).
- Develop a monthly WHS performance dashboard summarising key metrics for the Executive and WHS Committee.
- Provide targeted feedback to supervisors and teams to close the loop between data collection and practical improvement.

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- Benchmark performance against LGIS safety metrics and prior-year results to assess progress.
- Schedule quarterly performance reviews with Directors to evaluate trends, resource needs, and improvement opportunities.
- Promote a culture of ownership by sharing positive trends and recognising teams that improve safety performance.

AUDITING

Internal WHS audits will be conducted quarterly in line with ISO 45001 standards. External audits will be completed as required under the LGIS Mutual Risk Program.

Safety Audit Schedule

Internal Audits			
1 st Quarter (September)	2 nd Quarter (December)	3 rd Quarter (March)	4 th Quarter (June)
Chemical Substance registers and SWMS	Training, Competency & Inductions	Incident Management & Risk Assessments	Plant, Equipment & Contractor Management
Internal Quality Auditing			
Consultation & Communication			
External Audit			
The WHS LGIS Mutual Risk Audit is due			

EMERGENCY MANAGEMENT

- Review emergency management procedures annually.
- Conduct at least one evacuation drill per facility per year.
- Ensure wardens are trained and listed.

CONSULTATION AND COMMUNICATION

The Shire promotes consultation through the WHS Committee, toolbox meetings, and safety alerts. Information is communicated through intranet updates, noticeboards, and staff briefings.

SAFETY CULTURE, PSYCHOSOCIAL RISK AND WELLBEING PROGRAM

The Shire of Donnybrook-Balingup recognises psychosocial hazards as integral to overall health and safety performance. In alignment with Regulation 55A, ISO 45003, and the DMIRS Code of Practice

(2023), psychosocial risks—such as fatigue, workload, interpersonal conflict, and stress—are identified, assessed, and controlled using the same principles as physical risks and the hierarchy of control.

Workers are encouraged to raise wellbeing or stress-related concerns confidentially through their Supervisor, the Health and Safety Manager, or the Employee Assistance Program (EAP). These concerns are addressed with care, discretion, and respect for privacy, supporting a psychologically safe and resilient workforce. The wellbeing program will include health checks, R U OK? activities, and health awareness campaigns such as Men's Health and Women's Health Weeks.

DELEGATION AND AUTHORISATION

The Chief Executive Officer and Directors are authorised under the Work Health and Safety Act 2020 (WA) to implement and enforce this WHS Plan.

LEGISLATION

- Work Health and Safety Act 2020 (WA)
- Work Health and Safety (General) Regulations 2022
- Local Government Act 1995 (WA)
- ISO 45001:2018 Occupational Health and Safety Management Systems
- ISO 45003:2021 Psychological Health & Safety at Work

GOVERNANCE

Related Policies:

- Work Health and Safety Policy (WHS/CP-001)
- Risk Management Policy (ADM/CP-002)

Related Procedures:

- Incident Management Procedure (WHS/OP-002)
- Contractor Management Procedure (WHS/OP-003)

Related Code of Practise:

- LGIRS Psychosocial Hazards in the Workplace (2023)

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VERSION CONTROL

Revision Requirements and Version Control:

Responsible Department(s):

Corporate and Community
Services / Work Health and
Safety

Review to be conducted by:

CEO and WHS Officer

Revision Frequency:

☒ Annual (1yr)

☐ Biennial (2yr)

☐ Triennial (3yr)

Current Version Date:

DD/MM/YYYY

Next Due:

DD/MM/YYYY

Policy Version Details and Information:

#:	Synopsis:	Date:	Ref.:	Synergy:
1	Initial adoption of Annual WHS Plan 2025–2026	DD/MM/YYYY	### ###	Record #
2	Amendment of section 4.2...	DD/MM/YYYY	### ###	Record #



Minutes of Audit & Risk Management Committee Meeting

Held on 31 July 2025 and commenced at 4:00pm

Held at the Council Chambers in Donnybrook

(1 Bentley Street, Donnybrook)

Authorised:

Mr Nick O'Connor, Chief Executive Officer

Prepared:

11 August 2025

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1. Declaration of Opening / Announcement of Visitors

Acknowledgement of Country:

The Chairperson acknowledged the continuing connection of Aboriginal people to Country, culture and community, including traditional custodians of this land, the Wardandi and Kaneang People of the Noongar Nation, paying respects to Elders, past and present.

The Chairperson declared the meeting open at 4:00pm and welcomed the public gallery.

2. Attendance

Members Present:

Mr Ian Telfer, External Member

Cr John Bailey

Mr Angelo Logiudice, External Member

Staff Present:

Nick O'Connor, Chief Executive Officer

Ross Marshall, Director Operations

Meta Hazeldine, Manager Financial Services

Samantha Farquhar, Administration Officer,
Corporate Services

Other Members Present:

Public Gallery: No members of the public were in attendance.
Cr Glover attended as an observer.

2.1. Apologies

Cr Alexis Davy

Cr Vivienne MacCarthy

Loren Clifford, Acting Director Finance & Corporate

2.2. Approved Leave of Absence

Nil.

2.3. Application for Leave of Absence

Nil.

3. Announcements from the Chairperson

Nil.

4. Declarations of Interest

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Councillors to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

Angelo Logiudice declared an indirect financial interest regarding item 7.1.3.

5. Public Question Time

5.1. Responses to previous public questions that were taken on notice

Nil.

5.2. Public Question Time

Nil.

6. Confirmation of Minutes

6.1. Audit and Risk Management Committee Meeting held on 14 May 2025

Minutes of the Audit and Risk Management Committee Meeting held 14 May 2025 are attached as Attachment 6.1(1).

EXECUTIVE RECOMMENDATION

That the Minutes from the Audit and Risk Management Committee Meeting held 14 May 2025 be confirmed as a true and accurate record.

COMMITTEE RESOLUTION: ARM12/07-25	
MOVED BY: Angelo Logiudice	SECONDED BY: Cr John Bailey

That the Minutes from the Audit and Risk Management Committee Meeting held 14 May 2025 be confirmed as a true and accurate record.

For: Cr Bailey, Mr Logiudice, Mr Telfer
Against: Nil.
Carried: 3/0

7. Reports of Officers

7.1. Director Finance and Corporate

7.1.1 Audit Findings Progress Report (May 25 – July 25)

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Nick O'Connor, Chief Executive Officer

File Reference: FNC 02A

Voting Requirement: Simple Majority

Attachment(s):

7.1.1(1) Audit Findings Progress Report (1 May 25 – 31 July 25)

Executive Recommendation

That the Audit and Risk Management Committee:

1. **Notes the update provided in Audit Findings Progress Report for the period covering 1 May 2025 – 31 July 2025** Attachment 7.1.1(1).

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 11 - Strong, visionary leadership.

Objective: 11.1 - Provide strategically focused, open and accountable governance.

Item: Nil.

Executive Summary

It's requested that the Audit and Risk Management Committee (ARMC) notes the update provided on the Audit Findings Progress Report for the period covering May 2025 – July 2025.

Background

Under the *Local Government Act 1995* and associated regulations, the Shire is required to undertake several types of audits to ensure accountability and transparency. These Audit's consist of:

1. Financial Audits – The Shire must have their financial statements audited annually. This is mandated under Section 7.9 of the *Local Government Act 1995*.
2. Financial Management Review - is governed by Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996*. This regulation requires the CEO to regularly review the appropriateness and effectiveness of the financial management systems and procedures of the local government, with a minimum frequency of once every three financial years.
3. Compliance Audits – The Shire must complete a compliance audit return (CAR) annually, which is reviewed by the ARMC, and Council then submitted to the Department of Local Government, Sport and Cultural Industries. This requirement is outlined in Regulation 14 of the *Local Government (Audit) Regulations 1996*.

4. Audit Regulation 17 Review - is a requirement under the *Local Government (Audit) Regulations 1996*. It requires the Chief Executive Officer (CEO) of a local government to review the appropriateness and effectiveness of the local government's systems and procedures in relation to:
 - Risk Management
 - Internal Control
 - Legislative Compliance
5. Internal Audits - While not explicitly mandated, internal audits are recommended as part of good governance practices. They help the Shire identify and mitigate risks proactively.

Regular reporting on progress and actions taken in response to audit findings to the Audit and Risk Management Committee should be undertaken to ensure transparency and accountability, demonstrating a commitment to addressing identified issues and improving governance.

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Likely	Minor	Moderate (8)
Risk Description:	Not reporting updates on audit findings to the audit committee on a regular basis can lead to a lack of oversight, delayed corrective actions, and potential non-compliance with regulatory requirements.		
Mitigation:	Establish a reporting schedule and process as outlined in this report.		

Financial Implications

Nil.

Policy Compliance

Nil.

Statutory Compliance

Nil.

Consultation

An internal review of the findings contained in [Attachment 7.1.1\(1\)](#) were reviewed by key responsible officers, providing an Administration Update, and Status Update.

Officer Comment

Regular reporting on progress and actions taken in response to audit findings remains a key accountability measure for the Shire. This practice supports transparency and demonstrates a commitment to governance improvement. All items identified from the Compliance Audit Return (CAR) have now been actioned and resolved. Good progress has also been made in addressing the

outstanding items from internal audit surrounding the ICT Strategy. The implementation of the new Electronic Document Records Management System (EDRMS) has now been completed.

This report does not include the recent Financial Management Review or the Audit Regulation 17 Review, of which was workshopped with Council in June 2025. Of the FMR, Audit Reg 17 findings, 28 actions have been completed, 20 are three-quarters completed, 16 are half completed, 20 are quarter completed, and 19 have not been started.

Quarterly reporting will continue where there are findings to report, covering the five key audit areas:

1. Financial audits,
2. Financial Management Review,
3. Compliance audit,
4. Audit Regulation 17 Review, and
5. Internal audits.

The Audit and Risk Management Committee is requested to note the update provided in [Attachment 7.1.1\(1\)](#).

COMMITTEE RESOLUTION: ARM13/07-25	
MOVED BY: Cr John Bailey	SECONDED BY: Mr Angelo Logiudice

That the Audit and Risk Management Committee:

1. **Notes the update provided in Audit Findings Progress Report for the period covering 1 May 2025 – 31 July 2025** [Attachment 7.1.1\(1\)](#).

For: Cr Bailey, Mr Logiudice, Mr Telfer
Against: Nil.
Carried: 3/0

7.1.2 Risk Management Report/Update

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Nick O'Connor, Chief Executive Officer

File Reference: FNC 02A

Voting Requirement: Simple Majority

Attachment(s):

Nil.

Executive Recommendation

That the Audit and Risk Management Committee:

- 1. Notes the Risk Management Framework Update** Attachment 7.1.2(1).

Officer Comment

Following Council's adoption of the Risk Management Framework and Policy in December 2024, progress has been made in laying the foundation for a structured and consistent approach to risk management across the organisation.

Progress to Date

1. The Risk Management Framework and Policy were formally endorsed by Council in December 2024, establishing the guiding principles and responsibilities for managing risk.
2. A preliminary Risk Register has been developed using historical data from a previous Shire register and benchmarking against a neighbouring council's risk controls. This provides a starting point for identifying and assessing key organisational risks.
3. At a structured workshop the Executive Leadership Team (ELT) reviewed and rated the Shire identified risks, establishing a shared understanding and ownership of those risks while setting the inherent risk ratings to provide a baseline for future assessment.
4. The ELT participated in another workshop to rate the effectiveness of the current controls in place.

Next Steps

1. A further workshop is planned to continue to rate the effectiveness of the current controls in place and identify any gaps.
2. Based on workshop outcomes, the Risk Register will be updated to reflect accurate risk ratings and control assessments.
3. Risk considerations will be embedded into operational and strategic planning processes to ensure alignment with organisational objectives.
4. A schedule for regular review and reporting will be established to ensure risks are monitored, controls remain effective, and the framework continues to evolve with the organisation's needs and capacity.

COMMITTEE RESOLUTION: ARM14/07-25		
MOVED BY:	Cr John Bailey	SECONDED BY: Mr Angelo Logiudice

That the Audit and Risk Management Committee:

- 1. Notes the Risk Management Framework Update** Attachment 7.1.2(1).
- 2. Chief Executive Officer facilitate a joint Audit and Risk Management Committee and Councillor workshop to identify strategic risks.**

For: Cr Bailey, Mr Logiudice, Mr Telfer
Against: Nil.
Carried: 3/0

This item was deferred due to Mr Angelo Logiudice having a conflict of interest. Due to his declared conflict, Mr Logiudice would have had to leave the meeting for discussion on this item, resulting in a loss of quorum. This item will be tabled at a future to Council Meeting.

7.1.3. Investment Policy – Item Deferred

Report Details:

Prepared by: Manager Financial Services

Manager: Loren Clifford, Acting Director Finance and Corporate

File Reference: FNC 02A

Voting Requirement: Simple Majority

Attachment(s):

7.1.3(1) Draft – Council policy FIN/CP-2 Investments – tracked changes

Executive Recommendation

That the Audit and Risk Management Committee:

- Note the review of Council policy FIN/CP-2 Investments as per Attachment 7.1.1(1) and endorse the amendments as outlined in this report for Council's adoption.**

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 11 - Strong, visionary leadership.

Objective: 11.1 - Provide strategically focused, open and accountable governance.

Item: Nil.

Executive Summary

Council policy FIN/CP-2 Investments is presented for the Audit and Risk Management Committee (ARMC) consideration and subsequent Council endorsement.

Background

The Investments policy was initially adopted by Council in 2001, it was further amended in 2021, as outlined in the Synopsis in the Revision Requirements and Version Control table at the bottom of Attachment 7.1.3(1).

During the interim audit, auditors noted the policy was three (3) years past it's stated review date and therefore not kept in line with Regulation 19 of the *Local Government (Financial Management) Regulations 1996*. The rating received was minor.

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Financial Impact	Possible	Major	High (12)
Risk Description:	Maintaining a 75% investment exposure with Bendigo Bank increases the Shire's concentration risk and vulnerability to credit rating changes, which could impact liquidity and compliance with internal risk thresholds.		
Mitigation:	Reduce the Bendigo Bank portfolio limit to 50%.		

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Possible	Major	High (12)
Risk Description:	Maintaining a 75% investment exposure with Bendigo Bank poses compliance risks by exceeding internal counterparty limits, increasing vulnerability to credit rating changes, and potentially conflicting with statutory obligations and governance expectations.		
Mitigation:	Reduce the Bendigo Bank portfolio limit to 50%.		

Financial Implications

Nil.

Policy Compliance

Council Policy EXE/CP-8- Policy Framework

Draft – Council policy FIN/CP-2 Investments ([Attachment 7.1.3\(1\)](#)) has been amended in accordance with the requirement of the Policy framework.

Statutory Compliance

Although there is no requirement for local governments to have an Investments policy, it is considered best practice in providing good governance.

Consultation

Senior Finance staff were consulted during the review of this policy.

Officer Comment

A review of the current Investments policy has been undertaken, the current policy sets a 20% exposure limit for institutions rated A/A-2, which includes Bendigo Bank. The current 75% allocation is a formal policy exception and may be viewed as inconsistent with the policy's risk control framework, it's recommended that the exception investment with Bendigo Bank is amended to reduce the potential risk to the Shire.

Amendments have been made to the policy to reduce this risk, the draft policy ([Attachment 7.1.3\(1\)](#)) reflects a reduction to Bendigo Bank portfolio limit capping it at 50%. It's not recommended to

lowering the limit to 20%, as Bendigo serves as the Shire's primary operating account. Imposing a 20% cap would introduce significant administrative complexity and resource demand to manage day-to-day transactions across multiple institutions.

It's worth noting that Bendigo's credit rating was upgraded in 2024 and does now ordinarily fit within the lowest risk ratings. However, rating can change, and a downgrade could result in non-compliance with the policy's minimum credit rating requirements, necessitating divestment.

7.1.4 Interim Audit for the Year Ending 30 June 2025

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Nick O'Connor, Chief Executive Officer

File Reference: FNC 02A

Voting Requirement: Simple Majority

Attachment(s):

7.1.4(1) **Interim Audit Management Letter - Confidential**

Executive Recommendation

That the Audit and Risk Management Committee recommend to Council to:

- 1. Receive the Interim Audit Management Letter and attached Findings Report for the year ending 30 June 2025 in Attachments 7.1.4(1); and**
- 2. Notes the Management Comments provided, stating the actions the Chief Executive Officer intends to take with respect to the four matters identified in the attachment to the Interim Audit Management Letter.**

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 11 - Strong, visionary leadership.

Objective: 11.1 - Provide strategically focused, open and accountable governance.

Item: Nil.

Outcome: 12 - A well respected, professionally run organisation.

Objective: 12.1 - Deliver effective and efficient operations and service provision.

Item: Nil.

Executive Summary

The Office of the Auditor General (OAG) provided the Interim Audit results for the year ending 30 June 2025. The scope of the audit was to express an opinion on whether the Shire's general purpose financial report:

- is based on proper accounts and records;
- presents fairly, in all material respects, the results of Shire's operations for the year ended 30 June 2025 and its financial position as at that date; and
- complies with the *Local Government Act 1995* and, where not inconsistent with the Act, the Australian Accounting Standards.

The Audit and Risk Management Committee has been asked to receive the Interim Audit Management Letter and Report on Findings.

Background

AMD Chartered Accountants were appointed on behalf of the OAG to conduct the annual Interim Audit, for the year ending 30 June 2025.

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Unlikely	Minor	Low (4)
Risk Description:	The Chief Executive Officer's does not meet statutory obligations in relation to financial management practices		
Mitigation:	Present the Interim Audit Management Letter and attached Findings Report to the ARMC.		

Financial Implications

Nil.

Policy Compliance

Nil.

Statutory Compliance

Local Government Act 1995

The Interim Audit forms part of the Annual Audit process required under Section 7.2 of the Act, which requires the audit of the accounts and annual financial report.

Local Government (Financial Management) Regulations 1996

Regulation 5(1) outlines the Chief Executive Officer's responsibilities in relation to financial management practices.

Consultation

An entrance meeting was held on 14 May 2025 between representatives of the Audit and Risk Management Committee, Shire staff, AMD, and the Office of the Auditor General to review the Audit Planning Summary in preparation for the audit of the financial year ending 30 June 2025.

Officer Comment

The interim audit identified four key areas requiring attention. While some findings relate to broader governance and compliance, others touch on operational, and ICT matters that are being addressed through structured planning and implementation. Detailed responses and timelines are provided in the confidential attachment.

1. ICT Governance and Risk Management

The audit identified the absence of a formal ICT strategy, supporting policies, and a completed IT risk register. Management has since finalised and tested the Disaster Recovery Plan. The Executive Leadership Team (ELT) is currently engaging consultants to present their proposed ICT strategy frameworks. ICT-related policies and training will follow to ensure alignment with strategic objectives and risk mitigation.

2. Organisational Risk Register

The Shire previously lacked a formally maintained risk register. The ELT has now populated the register and continues to conduct workshops to review associated controls. This collaborative approach is designed to embed ownership and ensure alignment with the Shire's Risk Management Framework.

3. Business Continuity Planning

The Business Continuity Plan (BCP) remains in draft and has not yet been tested. Management has deferred finalisation until the ICT Strategy is complete to ensure integration with digital infrastructure and service continuity planning. With the Disaster Recovery Plan now in place, the BCP will be finalised and tested in alignment with broader ICT capabilities.

4. Policy Review and Compliance

Two policies, the Investment Policy and the Code of Conduct, were found to be overdue for review. The Investment Policy has been reviewed and is scheduled for presentation to the Audit and Risk Management Committee at its July 2025 meeting. The Code of Conduct will be presented to Council at the August 2025 Ordinary Council Meeting.

COMMITTEE RESOLUTION: ARM15/07-25	
MOVED BY: Cr John Bailey	SECONDED BY: Mr Angelo Logiudice

That the Audit and Risk Management Committee recommend to Council to:

- 1. Receive the Interim Audit Management Letter and attached Findings Report for the year ending 30 June 2025 in Attachments 7.1.4(1); and**
- 2. Notes the Management Comments provided, stating the actions the Chief Executive Officer intends to take with respect to the four matters identified in the attachment to the Interim Audit Management Letter.**

For: Cr Bailey, Mr Logiudice, Mr Telfer
Against: Nil.
Carried: 3/0

7.1.5 Chief Executive Officer Briefing

Items to be briefed include:

- 2025/26 Budget
- Irishtown Bridge insurance claim
- Food and garden organics (FOGO service)
- ICT strategy development
- MRWA transfer of responsibility for bridge maintenance
- Asset optimisation

Executive Recommendation

That the Audit and Risk Management Committee Meeting note the update provided to the Committee.

COMMITTEE RESOLUTION: ARM16/07-25	
MOVED BY: Angelo Logiudice	SECONDED BY: Cr John Bailey

That the Audit and Risk Management Committee Meeting note the update provided to the Committee.

For: Cr Bailey, Mr Logiudice, Mr Telfer
Against: Nil.
Carried: 3/0

8. Meetings Closed to the Public

8.1. Matters for which the Meeting may be closed

Nil.

8.2. Public reading of Resolutions that may be made public

Nil.

9. Closure

The Chairperson advised that the next Audit and Risk Management Committee Meeting is to be advised.

The Chairperson declared the meeting closed at 4:55pm.

SHIRE OF DONNYBROOK BALINGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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The Shire of Donnybrook Balingup conducts the operations of a local government with the following community vision:

A proud community enjoying our rural lifestyle, cultural heritage and natural environment.

Principal place of business:
 Corner of Collings and Bentley Streets
 Donnybrook WA 6239

**SHIRE OF DONNYBROOK BALINGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

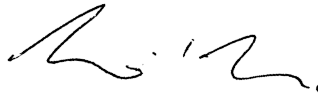
*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

Statement by CEO

The accompanying financial report of the Shire of Donnybrook Balingup 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 8th day of December 2025



CEO

Nicholas O'Connor

Name of CEO

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
Revenue				
Rates	2(a),28	7,847,272	7,840,319	7,091,907
Grants, subsidies and contributions	2(a)	3,040,230	1,019,721	3,456,149
Fees and charges	2(a)	2,547,043	2,453,618	2,384,640
Interest revenue	2(a)	511,830	433,000	555,659
Other revenue	2(a)	1,312	0	1,436
		13,947,687	11,746,658	13,489,791
Expenses				
Employee costs	2(b)	(6,517,794)	(6,659,361)	(6,515,053)
Materials and contracts		(4,510,244)	(4,182,546)	(3,740,735)
Utility charges		(454,969)	(466,418)	(507,928)
Depreciation		(7,431,343)	(7,504,630)	(7,319,282)
Amortisation		(79,236)	0	(95,732)
Finance costs	2(b)	(165,220)	(158,763)	(78,172)
Insurance		(489,266)	(497,538)	(477,525)
Other expenditure	2(b)	(121,732)	(130,600)	(428,772)
		(19,769,804)	(19,599,856)	(19,163,199)
		(5,822,117)	(7,853,198)	(5,673,408)
Capital grants, subsidies and contributions	2(a)	6,216,873	7,407,696	9,792,035
Profit on asset disposals		129,914	0	39,723
Loss on asset disposals		(484,646)	0	(1,959,340)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(3,552)	0	1,681
		5,858,589	7,407,696	7,874,099
Net result for the period		36,472	(445,502)	2,200,691
Total comprehensive income for the period		36,472	(445,502)	2,200,691

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

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025	2024
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	9,388,371	12,842,829
Trade and other receivables	5	541,190	4,638,906
Other financial assets	4(a)	23,810	23,529
Inventories	6	239,964	167,983
Other assets	7	1,181,781	345,342
TOTAL CURRENT ASSETS		11,375,116	18,018,589
NON-CURRENT ASSETS			
Trade and other receivables	5	226,467	218,267
Other financial assets	4(b)	180,002	207,363
Inventories	6	1,950,644	1,973,769
Other assets	7	683,222	600,186
Property, plant and equipment	8	57,441,159	47,790,606
Infrastructure	9	151,500,830	158,383,251
Right-of-use assets	11(a)	38,477	63,583
Intangible assets	12	423,797	468,018
TOTAL NON-CURRENT ASSETS		212,444,598	209,705,043
TOTAL ASSETS		223,819,714	227,723,632
CURRENT LIABILITIES			
Trade and other payables	13	1,756,526	2,664,213
Contract liabilities	14	15,656	9,215
Capital grant/contributions liabilities	14	1,357,017	4,236,596
Lease liabilities	11(b)	20,281	25,345
Borrowings	15	131,459	141,031
Employee related provisions	17	755,177	970,724
TOTAL CURRENT LIABILITIES		4,036,116	8,047,124
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	19,872	40,153
Borrowings	15	2,848,308	2,979,767
Other financial liabilities	16	3,932,500	3,878,500
Employee related provisions	17	244,524	126,793
Other provisions	18	2,149,239	2,098,612
TOTAL NON-CURRENT LIABILITIES		9,194,443	9,123,825
TOTAL LIABILITIES		13,230,559	17,170,949
NET ASSETS		210,589,155	210,552,683
EQUITY			
Retained surplus		32,088,611	29,828,319
Reserve accounts	31	5,576,653	7,800,473
Revaluation surplus	19	172,923,891	172,923,891
TOTAL EQUITY		210,589,155	210,552,683

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

SHIRE OF DONNYBROOK BALINGUP
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		30,225,909	5,202,192	172,923,891	208,351,992
Comprehensive income for the period					
Net result for the period		2,200,691	0	0	2,200,691
Total comprehensive income for the period		2,200,691	0	0	2,200,691
Transfers from reserve accounts	31	2,086,095	(2,086,095)	0	0
Transfers to reserve accounts	31	(4,684,376)	4,684,376	0	0
Balance as at 30 June 2024		29,828,319	7,800,473	172,923,891	210,552,683
Comprehensive income for the period					
Net result for the period		36,472	0	0	36,472
Total comprehensive income for the period		36,472	0	0	36,472
Transfers from reserve accounts	31	4,739,795	(4,739,795)	0	0
Transfers to reserve accounts	31	(2,515,975)	2,515,975	0	0
Balance as at 30 June 2025		32,088,611	5,576,653	172,923,891	210,589,155

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

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2024 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		7,795,185	7,112,066
Grants, subsidies and contributions		3,093,175	3,461,106
Fees and charges		2,525,706	2,353,319
Interest revenue		511,830	555,659
Goods and services tax received		1,433,842	1,965,070
Other revenue		2,047	399,175
		15,361,785	15,846,395
Payments			
Employee costs		(6,634,519)	(6,510,025)
Materials and contracts		(6,390,120)	(2,460,100)
Utility charges		(441,777)	(513,106)
Finance costs		(151,762)	(9,038)
Insurance paid		(489,266)	(477,525)
Goods and services tax paid		(1,168,332)	(2,208,365)
Other expenditure		(141,346)	(444,935)
		(15,417,122)	(12,623,094)
Net cash provided by (used in) operating activities		(55,337)	3,223,301
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(7,105,323)	(3,391,412)
Payments for construction of infrastructure	9(a)	(3,791,056)	(8,964,485)
Proceeds from capital grants, subsidies and contributions		7,218,828	8,375,764
Proceeds from financial assets at amortised cost - self-supporting loans		10,196	9,922
Proceeds from financial assets at fair values through other comprehensive income		13,333	13,332
Proceeds from sale of property, plant & equipment		367,277	185,744
Proceeds from sale of infrastructure		0	1,927
Net cash (used in) investing activities		(3,286,745)	(3,769,208)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	30(a)	(141,031)	(52,206)
Payments for principal portion of lease liabilities	30(b)	(25,345)	(32,375)
Proceeds from new borrowings	30(a)	0	2,900,000
Net proceeds from other financial liabilities		54,000	(149,213)
Net cash provided by (used in) financing activities		(112,376)	2,666,206
Net increase (decrease) in cash held		(3,454,458)	2,120,299
Cash at beginning of year		12,842,829	10,722,530
Cash and cash equivalents at the end of the year		9,388,371	12,842,829

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

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	28	7,847,272	7,840,319	7,091,907
Grants, subsidies and contributions		3,040,230	1,019,721	3,456,149
Fees and charges		2,547,043	2,453,618	2,384,640
Interest revenue		511,830	433,000	555,659
Other revenue		1,312	0	1,436
Profit on asset disposals		129,914	0	39,723
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(3,552)	0	1,681
		14,074,049	11,746,658	13,531,195
Expenditure from operating activities				
Employee costs		(6,517,794)	(6,659,361)	(6,515,053)
Materials and contracts		(4,510,244)	(4,182,546)	(3,740,735)
Utility charges		(454,969)	(466,418)	(507,928)
Depreciation		(7,431,343)	(7,504,630)	(7,319,282)
Amortisation		(79,236)	0	(95,732)
Finance costs		(165,220)	(158,763)	(78,172)
Insurance		(489,266)	(497,538)	(477,525)
Other expenditure		(121,732)	(130,600)	(428,772)
Loss on asset disposals		(484,646)	0	(1,959,340)
		(20,254,450)	(19,599,856)	(21,122,539)
Non-cash amounts excluded from operating activities	29(a)	7,928,795	7,504,630	9,274,690
Amount attributable to operating activities		1,748,394	(348,568)	1,683,346
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		6,216,873	7,407,696	9,792,035
Proceeds from disposal of assets		367,277	272,346	187,671
Proceeds from financial assets at amortised cost - self-supporting loans	30(a)	10,196	10,196	9,922
Proceeds from financial assets at amortised cost - commercial loans		13,333	13,332	13,332
Proceeds from financial assets at amortised cost - other		5,300	5,200	0
		6,612,979	7,708,770	10,002,960
Outflows from investing activities				
Acquisition of property, plant and equipment	8(a)	(7,105,323)	(8,712,053)	(3,391,412)
Acquisition of infrastructure	9(a)	(3,791,056)	(5,325,625)	(8,964,485)
		(10,896,379)	(14,037,678)	(12,355,897)
Amount attributable to investing activities		(4,283,400)	(6,328,908)	(2,352,937)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	30(a)	0	0	2,900,000
Proceeds from new leases - non cash	30(b)	0	100,000	0
Transfers from reserve accounts	31	4,739,795	5,776,760	2,086,095
		4,739,795	5,876,760	4,986,095
Outflows from financing activities				
Repayment of borrowings	30(a)	(141,031)	(141,031)	(52,206)
Payments for principal portion of lease liabilities	30(b)	(25,345)	(55,345)	(32,375)
Movement in Preston Village lease liability		54,000	0	(149,213)
Transfers to reserve accounts	31	(2,515,975)	(1,155,865)	(4,684,376)
		(2,628,351)	(1,352,241)	(4,918,170)
Non-cash amounts excluded from financing activities	29(b)	0	(100,000)	0
Amount attributable to financing activities		2,111,444	4,424,519	67,925
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	29(c)	2,313,839	2,252,957	2,915,505
Amount attributable to operating activities		1,748,394	(348,568)	1,683,346
Amount attributable to investing activities		(4,283,400)	(6,328,908)	(2,352,937)
Amount attributable to financing activities		2,111,444	4,424,519	67,925
Surplus or deficit after imposition of general rates	29(c)	1,890,277	0	2,313,839

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

**SHIRE OF DONNYBROOK BALINGUP
FOR THE YEAR ENDED 30 JUNE 2025
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SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

1. BASIS OF PREPARATION

The financial report of the Shire of Donnybrook Balingup which is a Class 3 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 *Local Government Act 1995*, 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 except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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 *Leases* which would have required the Shire 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 Shire 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.

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 8
 - Infrastructure - note 9
- Estimated useful life of intangible assets - note 12
- Measurement of employee benefits - note 17
- Measurement of provisions - note 18

Fair value heirarchy information can be found in note 27

The local government reporting entity

All funds through which the Shire 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 32 of the financial report.

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

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant 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 and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over 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 of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	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	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	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.

Revenue recognition

Rate revenue was recognised from the rate record as soon as practicable after the Shire 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:

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	7,847,272	0	7,847,272
Grants, subsidies and contributions	1,571,608	0	0	1,468,622	3,040,230
Fees and charges	2,352,198	0	194,845	0	2,547,043
Interest revenue	0	0	83,342	428,488	511,830
Other revenue	0	0	0	1,312	1,312
Capital grants, subsidies and contributions	0	5,669,802	0	547,071	6,216,873
Total	3,923,806	5,669,802	8,125,459	2,445,493	20,164,560

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	7,091,907	0	7,091,907
Grants, subsidies and contributions	1,049,583	0	0	2,406,566	3,456,149
Fees and charges	2,163,821	0	220,819	0	2,384,640
Interest revenue	0	0	80,377	475,282	555,659
Other revenue	0	0	0	1,436	1,436
Capital grants, subsidies and contributions	0	9,792,035	0	0	9,792,035
Total	3,213,404	9,792,035	7,393,103	2,883,284	23,281,826

SHIRE OF DONNYBROOK BALINGUP
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FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2025 Actual \$	2024 Actual \$
Interest revenue		
Financial assets at amortised cost - self-supporting loans	592	866
Interest on reserve account	201,484	230,015
Trade and other receivables overdue interest	77,060	75,379
Other interest revenue	232,694	249,399
	511,830	555,659

The 2025 original budget estimate in relation to:
Trade and other receivables overdue interest was \$68,000.

Fees and charges relating to rates receivable

Charges on instalment plan	31,625	29,118
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The 2025 original budget estimate in relation to:
Charges on instalment plan was \$32,000.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	40,000	38,840
- Other services – grant acquittals	7,293	4,600
- Deferred pensioner and internal report	600	1,070
	47,893	44,510

Employee Costs

Employee benefit costs	6,120,316	6,205,669
Other employee costs	397,478	309,384
	6,517,794	6,515,053

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	147,322	43,287
Provisions: unwinding of discount	15,613	31,415
Lease liabilities	2,285	3,470
	165,220	78,172

Other expenditure

Sundry expenses	121,732	428,772
	121,732	428,772

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

3. CASH AND CASH EQUIVALENTS

Note	2025	2024
	\$	\$
Cash at bank and on hand	772,716	4,062,604
Term deposits	8,615,655	8,780,225
Total cash and cash equivalents	9,388,371	12,842,829
Held as		
- Unrestricted cash and cash equivalents	2,113,836	117,683
- Restricted cash and cash equivalents	20 7,274,535	12,725,146
	9,388,371	12,842,829

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.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

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 interest.

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.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost	23,810	23,529
	23,810	23,529

Other financial assets at amortised cost

Self-supporting loans receivable	29(c) 23,810	23,529
	23,810	23,529

Held as

- Unrestricted other financial assets at amortised cost	23,810	23,529
	23,810	23,529

(b) Non-current assets

Financial assets at amortised cost	100,382	124,192
Financial assets at fair value through profit or loss	79,620	83,171
	180,002	207,363

Financial assets at amortised cost

Self-supporting loans receivable	75,382	99,192
Shares in Bendigo Bank	25,000	25,000
	100,382	124,192

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance	83,172	81,490
Financial assets at fair value through profit and loss [describe]	(3,552)	1,681
Units in Local Government House Trust - closing balance	79,620	83,171

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 30(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.

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire 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 Shire classifies 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 Shire has elected to recognise as fair value gains and losses through profit or loss.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

5. TRADE AND OTHER RECEIVABLES

Note	2025	2024
	\$	\$
Current		
Rates and statutory receivables	440,310	370,380
Trade receivables	46,127	3,948,263
Other receivables	5,200	5,200
GST receivable	49,553	315,063
	541,190	4,638,906
Non-current		
Rates and statutory receivables	170,867	157,367
Trade receivables	55,600	60,900
	226,467	218,267

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets is:

Note	30 June 2025 Actual	30 June 2024 Actual	1 July 2023 Actual
	\$	\$	\$
Trade and other receivables from contracts with customers	45,516	3,791,584	177,669
Contract assets	539,458	283,417	460,254
Total trade and other receivables from contracts with customers	584,974	4,075,001	637,923

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 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 or for the construction of recognisable non financial assets 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 and amounts received as 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 Shire 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.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

6. INVENTORIES

Note	2025	2024
	\$	\$
Current		
Fuel and materials	24,615	16,307
Gravel	215,349	148,870
Work in progress - gravel	0	200
Kiosk supplies	0	2,606
	239,964	167,983
Non-current		
Clay soil stockpile	1,950,644	1,973,769
	1,950,644	1,973,769
The following movements in inventories occurred during the year:		
Balance at beginning of year	2,141,752	2,146,500
Inventories expensed during the year	(225,805)	(248,400)
Additions to inventory	274,661	243,652
Balance at end of year	2,190,608	2,141,752

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.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

7. OTHER ASSETS

Other assets - current

	2025	2024
	\$	\$
Prepayments	64,772	0
Accrued income	535,388	6,243
Contract assets	539,458	283,417
Accrued interest	42,163	55,682
	1,181,781	345,342

Non-current assets

Accrued income	593,262	523,839
Employee entitlements from other councils	89,960	76,347
	683,222	600,186

MATERIAL ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Contract assets

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at the end of the period.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. 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.

	Total property				Plant and equipment			Total property, plant and equipment
Note	Land	Buildings	Work in progress	Total property	Furniture and equipment	Plant and equipment	Furniture and equipment - work in progress	
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	5,169,000	38,503,024	604,460	44,276,484	325,990	3,398,103	0	48,000,577
Additions	0	185,560	2,049,864	2,235,424	118,117	1,035,114	2,757	3,391,412
Disposals	(225,000)	(1,583,721)	0	(1,808,721)	0	(160,693)	0	(1,969,414)
Depreciation	0	(906,875)	0	(906,875)	(60,807)	(664,287)	0	(1,631,969)
Transfers	0	1,697	(1,697)	0	0	0	0	0
Balance at 30 June 2024	4,944,000	36,199,685	2,652,627	43,796,312	383,300	3,608,237	2,757	47,790,606
Comprises:								
Gross balance amount at 30 June 2024	4,944,000	66,731,614	2,652,627	74,328,241	1,058,428	8,149,319	2,757	83,538,745
Accumulated depreciation at 30 June 2024	0	(30,531,929)	0	(30,531,929)	(675,128)	(4,541,082)	0	(35,748,139)
Balance at 30 June 2024	8(b) 4,944,000	36,199,685	2,652,627	43,796,312	383,300	3,608,237	2,757	47,790,606
Additions	0	5,684,117	38,855	5,722,972	326,495	1,058,613	(2,757)	7,105,323
Disposals	0	(88,288)	0	(88,288)	0	(251,519)	0	(339,807)
Depreciation	0	(931,498)	0	(931,498)	(81,344)	(665,267)	0	(1,678,109)
Transfers	0	7,215,773	(2,652,627)	4,563,146	0	0	0	4,563,146
Balance at 30 June 2025	4,944,000	48,079,789	38,855	53,062,644	628,451	3,750,064	0	57,441,159
Comprises:								
Gross balance amount at 30 June 2025	4,944,000	79,101,504	38,855	84,084,359	1,383,810	8,425,645	0	93,893,814
Accumulated depreciation at 30 June 2025	0	(31,021,715)	0	(31,021,715)	(755,359)	(4,675,581)	0	(36,452,655)
Balance at 30 June 2025	8(b) 4,944,000	48,079,789	38,855	53,062,644	628,451	3,750,064	0	57,441,159

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Carrying amount 2025 \$	Carrying amount 2024 \$	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date								
Land and buildings								
Land - market value				Level 2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Valuer	June 2022	Price per hectare, market borrowing rates, sale evidence
		4,944,000	4,944,000					
Total land	8(a)	4,944,000	4,944,000					
Buildings - non specialised				Level 2	Cost approach using depreciated replacement cost	Independent Valuer	June 2022	Construction costs and current condition, residual values and remaining useful life assessment
		48,079,789	36,199,685					
Total buildings	8(a)	48,079,789	36,199,685					

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.

(ii) Cost

Furniture and equipment	Not applicable	Cost	Not applicable	Purchase cost
Plant and equipment	Not applicable	Cost	Not applicable	Purchase cost

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. 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.

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - bridges	Infrastructure - other	Infrastructure - work in progress	Total infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	92,726,183	3,755,688	18,569,036	32,906,994	6,555,650	697,404	155,210,955
Additions	3,062,253	135,241	0	83,716	163,171	5,520,104	8,964,485
(Disposals)	0	0	0	0	(137,702)	0	(137,702)
Depreciation	(3,568,713)	(95,725)	(353,444)	(1,200,476)	(436,129)	0	(5,654,487)
Balance at 30 June 2024	92,219,723	3,795,204	18,215,592	31,790,234	6,144,990	6,217,508	158,383,251
Comprises:							
Gross balance at 30 June 2024	134,264,946	5,200,047	28,275,584	74,411,716	11,509,669	6,217,508	259,879,470
Accumulated depreciation at 30 June 2024	(42,045,223)	(1,404,843)	(10,059,992)	(42,621,482)	(5,364,679)	0	(101,496,219)
Balance at 30 June 2024	92,219,723	3,795,204	18,215,592	31,790,234	6,144,990	6,217,508	158,383,251
Additions	2,969,296	0	70,205	577,006	149,749	24,800	3,791,056
(Disposals)	0	0	0	(230,487)	(151,716)	0	(382,203)
Depreciation	(3,652,006)	(98,281)	(353,445)	(1,194,485)	(429,911)	0	(5,728,128)
Transfers	0	0	0	0	1,648,334	(6,211,480)	(4,563,146)
Balance at 30 June 2025	91,537,013	3,696,923	17,932,352	30,942,268	7,361,446	30,828	151,500,830
Comprises:							
Gross balance at 30 June 2025	137,234,242	5,200,047	28,345,789	74,490,540	12,888,593	30,828	258,190,039
Accumulated depreciation at 30 June 2025	(45,697,229)	(1,503,124)	(10,413,437)	(43,548,272)	(5,527,147)	0	(106,689,209)
Balance at 30 June 2025	91,537,013	3,696,923	17,932,352	30,942,268	7,361,446	30,828	151,500,830

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE (Continued)

(b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date					
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments
Infrastructure - bridges	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments
Infrastructure - other	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments

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 to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset class	Useful life
Buildings	5 to 100 years
Furniture and equipment	4 to 15 years
Plant and equipment	5 to 15 years
Infrastructure	
bridges	27 to 77 years
road clearing and earthworks	not depreciated
road pavement	40 to 55 years
road seal	15 years
Cycle ways	40 years
Car parks	40 years
Footpaths - concrete	25 to 72 years
Footpaths - slab	25 to 72 years
Storm water drainage	83 years
Other	3 to 80 years
Right-of-use (plant and equipment)	Based on the remaining lease term

Revision of useful lives of plant and equipment

During the year the estimated total useful lives of certain items of plant and equipment used in the maintenance of road infrastructure were received. The net effect of the change is nil.

SHIRE OF DONNYBROOK BALINGUP
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FOR THE YEAR ENDED 30 JUNE 2025

10. 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 Shire 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 Shire'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 being their reportable value.

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 Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire 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; or
- (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 Shire is not required to comply with *AASB 136 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 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.

SHIRE OF DONNYBROOK BALINGUP
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FOR THE YEAR ENDED 30 JUNE 2025

11. LEASES

(a) Right-of-use assets

	Note	Right-of-use assets - Furniture and equipment \$	Total 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.			
Balance at 1 July 2023		96,581	96,581
Gains/(losses) from sale and leaseback transactions		(172)	(172)
Depreciation		(32,826)	(32,826)
Balance at 30 June 2024		63,583	63,583
Gross balance amount at 30 June 2024		211,858	211,858
Accumulated depreciation at 30 June 2024		(148,275)	(148,275)
Balance at 30 June 2024		63,583	63,583
Depreciation		(25,106)	(25,106)
Balance at 30 June 2025		38,477	38,477
Gross balance amount at 30 June 2025		210,732	210,732
Accumulated depreciation at 30 June 2025		(172,255)	(172,255)
Balance at 30 June 2025		38,477	38,477

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

		2025 Actual \$	2024 Actual \$
Depreciation on right-of-use assets		(25,106)	(32,826)
Finance charge on lease liabilities	30(b)	(2,286)	(3,470)
Total amount recognised in the statement of comprehensive income		(27,392)	(36,296)
Total cash outflow from leases		(27,631)	(35,845)
(b) Lease liabilities			
Current		20,281	25,345
Non-current		19,872	40,153
	30(b)	40,153	65,498

The Shire of Donnybrook Balingup has three leases relating to plant and equipment. The lease term for these leases vary up to four years. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed. Refer to Note 30(b) for details of lease liabilities.

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.

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire 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 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 Shire 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 30(b).

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 10 under revaluation for details on the material 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 Shire anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

12. INTANGIBLE ASSETS

	2025 Actual	2024 Actual
Intangible assets	\$	\$
Non-current		
Waste landfill	1,907,087	1,872,072
Less: Accumulated amortisation	(1,483,290)	(1,404,054)
	423,797	468,018
 Movements in balances of waste landfill during the financial year are shown as follows:		
Balance at 1 July	468,018	503,201
Recognition of waste cell airspace	35,015	60,549
Amortisation	(79,236)	(95,732)
Balance at 30 June	423,797	468,018
 TOTAL INTANGIBLE ASSETS	423,797	468,018

Amortisation

The estimated useful life of intangible assets is 36 years for the current and prior years.

MATERIAL ACCOUNTING POLICIES

Donnybrook Waste Management Facility

The Shire operated the Donnybrook Waste Management Facility (DWMF) as the central waste processing and disposal facility for the Shire, Landfills within Western Australia are required to have a plan for capping, closing and rehabilitating waste facilities at the end of its life.

An airspace asset is an intangible asset that is measured based on the net present value of the future cash flows required to meet the rehabilitation requirements details in the landfill licensing agreement. A Landfill Closure Management Plan (LCMP) was prepared for the existing facility in 2021 in line with guidance standards. The LCMP specifies the final cap design, slopes, methods of managing storm water, post closure monitoring requirements including groundwater, surface eater and landfill gas monitoring.

The LCMP has been approved by the Department of Water and Environmental Regulation.

Donnybrook Waste Management Facility (Cont)

Estimated costs for capping and monitoring the facility was undertaken in 2021 by ASK Waste Management Consultancy Services (Landfill Closure Management Plan, November 2021).

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included in the Statement of Comprehensive Income.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Statutory liabilities
 Bonds and deposits held
 Accrued expenses
 Other payables

2025	2024
\$	\$
969,774	1,452,707
275,806	244,463
100	0
325,209	678,862
123,863	238,181
61,774	50,000
1,756,526	2,664,213

MATERIAL ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Shire 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.

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 Shire prior to the end of the financial year that are unpaid and arise when the Shire 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 Shire recognises income for the prepaid rates that have not been refunded.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

14. OTHER LIABILITIES

Current

Contract liabilities

Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Opening balance

Additions

Revenue from contracts with customers included as a contract liability at the start of the period

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$15,656 (\$9,215 in prior year)

The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

	2025	2024
	\$	\$
Contract liabilities	15,656	9,215
Capital grant/contributions liabilities	1,357,017	4,236,596
	1,372,673	4,245,811
Reconciliation of changes in contract liabilities		
Opening balance	9,215	4,258
Additions	15,656	9,215
Revenue from contracts with customers included as a contract liability at the start of the period	(9,215)	(4,258)
	15,656	9,215
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	4,236,596	1,910,840
Additions	2,741,940	12,366,130
Revenue from capital grant/contributions held as a liability at the start of the period	(5,621,519)	(10,040,374)
	1,357,017	4,236,596
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	1,357,017	4,236,596
	1,357,017	4,236,596

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire 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 Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

15. BORROWINGS

	Note	2025			2024		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Bank loans		131,459	2,848,308	2,979,767	141,031	2,979,767	3,120,798
Total secured borrowings	30(a)	131,459	2,848,308	2,979,767	141,031	2,979,767	3,120,798

Secured liabilities and assets pledged as security

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

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing 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

Details of individual borrowings required by regulations are provided at Note 30(a).

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

16. OTHER FINANCIAL LIABILITIES

Preston Village Lease Liability	2025	2024
	\$	\$
Carrying amount at beginning of period	3,878,500	4,027,713
Liability Increase	365,000	642,500
Liability Decrease	(311,000)	(791,713)
Carrying amount at end of period	3,932,500	3,878,500
	2025	2024
	\$	\$
Non-current	3,932,500	3,878,500
	3,932,500	3,878,500

Preston Village Lease Liability

Preston Village Lease Liability represents monies paid by the incoming lessee of the Preston Retirement Village, Sharp Street Donnybrook under a life tenancy lease arrangement.

The proceeds received from the life tenancies are initially classified as a non-current liability as the Shire is only required to repay these funds to a vacating lessee, or their estate, in the event that the Shire is unable to attract a subsequent lessee within the 3-year time period, as specified in the lease agreement.

The lease liability in respect to each unit leased will remain unchanged unless the Shire is required to refund any lease amount in which case the lease liability will be reduced when refunded.

Where a lessee has vacated a property prior to balance date, the loan liability to the lessee has been classified as non-current as the Shire will not be required to repay the lessee until the property is re-leased. In the event that the property will be re-leased within the next 12 months, the existing liability will be replaced with a new non current liability with no net impact on the Shire's Statement of Financial Position.

In the event that Council elects not to market a vacated unit, or the unit will have been vacant for a period of three years at a date falling within the next 12 months, any loan liability on the property will be classified as current.

The respective cost of land and buildings to which the leases relate are recorded at fair value within the Shire's property, plant and equipment (Note 8a).

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

17. EMPLOYEE RELATED PROVISIONS

Employee related provisions

Current provisions

Employee benefit provisions

Annual leave

Long service leave

Employee related other provisions

Employment on-costs

Total current employee related provisions

Non-current provisions

Employee benefit provisions

Long service leave

Employee related other provisions

Employment on-costs

Total non-current employee related provisions

Total employee related provisions

	2025	2024
	\$	\$
	322,389	385,710
	317,025	442,098
	639,414	827,808
	115,763	142,916
	115,763	142,916
	755,177	970,724
	211,396	106,249
	211,396	106,249
	33,128	20,544
	33,128	20,544
	244,524	126,793
	999,701	1,097,517

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.

MATERIAL ACCOUNTING POLICIES

Employee benefits

The Shire'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 Shire'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 Shire'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 Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

18. OTHER PROVISIONS

	Make good provisions	Total
	\$	\$
Opening balance at 1 July 2024		
Non-current provisions	2,098,612	2,098,612
	2,098,612	2,098,612
Additional provision	35,014	35,014
Charged to profit or loss		
- unwinding of discount	15,613	15,613
Balance at 30 June 2025	2,149,239	2,149,239
Comprises		
Non-current	2,149,239	2,149,239
	2,149,239	2,149,239

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.

Provision for Waste Cell Rehabilitation

The Shire operates the Donnybrook Waste Management Facility (DWMF) as the central waste processing and disposal facility for the Shire.

Landfills within Western Australia are required to have a plan for capping, closing and rehabilitating waste facilities at the end of its life.

A Landfill Closure Management Plan (LCMP) was prepared for the existing facility in 2013 in line with guidance standards. The LCMP specifies the final cap design, slopes, methods of managing storm water, post closure monitoring requirements including groundwater, surface water and landfill gas monitoring.

The LCMP has been approved by the Department of Water and Environmental Regulation.

Estimated costings for the capping and monitoring of the facility was undertaken in 2021 by ASK Waste Management Consultancy Services (Economic Review - Waste Facility Future Operations, November 2021).

Make good provisions

Under the licence for the operation of the Shire of Donnybrook Balingup waste landfill site, the Shire has a legal obligation to restore the site.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

MATERIAL ACCOUNTING POLICIES

Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

19. REVALUATION SURPLUS

	2025	2025	2024	2024
	Opening	Closing	Opening	Closing
	balance	balance	balance	balance
	\$	\$	\$	\$
Revaluation surplus - Land	3,877,039	3,877,039	3,877,039	3,877,039
Revaluation surplus - Buildings	26,311,650	26,311,650	26,311,650	26,311,650
Revaluation surplus - Infrastructure - roads	84,003,053	84,003,053	84,003,053	84,003,053
Revaluation surplus - Infrastructure - footpaths	2,267,376	2,267,376	2,267,376	2,267,376
Revaluation surplus - Infrastructure - drainage	19,142,110	19,142,110	19,142,110	19,142,110
Revaluation surplus - Infrastructure - bridges	29,305,122	29,305,122	29,305,122	29,305,122
Revaluation surplus - Infrastructure - other	8,017,541	8,017,541	8,017,541	8,017,541
	172,923,891	172,923,891	172,923,891	172,923,891

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

20. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2025 Actual \$	2024 Actual \$
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	7,274,535	12,725,146
- Financial assets at amortised cost	4	0	
		7,274,535	12,725,146
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	31	5,576,653	7,800,473
Contract liabilities	14	15,656	9,215
Capital grant liabilities	14	1,357,017	4,236,596
Bonds and deposits	13	325,209	678,862
Unspent loans	30(a)	0	0
Total restricted financial assets		7,274,535	12,725,146
21. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS			
Credit standby arrangements			
Bank overdraft limit		100,000	100,000
Bank overdraft at balance date		0	0
Credit card limit		20,000	9,000
Credit card balance at balance date		(5,586)	(3,097)
Total amount of credit unused		114,414	105,903
Loan facilities			
Loan facilities - current		131,459	141,031
Loan facilities - non-current		2,848,308	2,979,767
Total facilities in use at balance date		2,979,767	3,120,798
Unused loan facilities at balance date		0	0

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

22. CONTINGENT LIABILITIES

The Shire of Donnybrook Balingup has identified the following sites, in relation to land owned, vested or leased, that is known to be, or suspected of being contaminated. As at the date of this report the value and timing of remediation has not been ascertained.

Location	Land Use	Nature of Potential Contamination
A197 - Lot 13 Bentley Street, Donnybrook	Former Shire Depot	Hydrocarbon
A3418 - Res 30530 Boyup Brook Road, Lowden	Former Landfill Site	Putrescible Waste
A3420 - Res 30773 Boyup Brook Road, Mumballup	Former Landfill Site	Putrescible Waste
A3611 - F21 Valentines Road, Newlands	Former Waste Facility	Buried Waste
A3605 - Lot 2928 F27 Gavins Road, Donnybrook	Landfill Site	Landfill Waste Material
A3478 - 21370 South Western Highway Mullalyup	Former Landfill Site	Buried Waste
A4014 - Lot 597 Collins Street, Donnybrook	Former Station Loading	Heavy Metals
A831 - Adjacent Lot 28 South Western Hwy, Donnybrook	Road Reserve	Hydrocarbon
HLT 09/2 - F27 Goodwood Road, Paynedale	DBK Waste Mgmt Facilit	Buried Waste
F21 Ravenscliffe Road, Kirup	Former Waste Facility	Buried Waste
F20 Southampton Road, Balingup	Former Waste Facility	Buried Waste
A1181 - Lot 325 Forrest Road, Thomson Brook	Former Waste Facility	Buried Waste
A3353 - Lot 2561 Donnybrook-Boyup Brook Road, Noggerup	Former Waste Facility	Buried Waste

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

23. CAPITAL COMMITMENTS

	2025	2024
	\$	\$
Contracted for:		
- capital expenditure projects	163,608	3,510,623
- plant & equipment purchases	55,989	188,364
- road construction works	77,122	28,000
- other infrastructure	0	264,329
	296,719	3,991,316
Payable:		
- not later than one year	296,719	3,991,316

The capital expenditure projects outstanding at the end of the current reporting period represents the supply and installation of tennis court lighting, Brookhampton Hall refurbishment and roof replacement at Kirup Hall. Plant and equipment purchases includes acquisition of a new mower. Road construction works includes upgrades on Southampton Road and Cundinup Kirup Road (prior year commitments includes the construction of VC Mitchell Park redevelopment, SHERP Well aged redevelopment, purchase of two trucks, and detailed designs or Balingup-Nannup road).

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

24. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

Fees, expenses and allowances to be paid or reimbursed to council members.

Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
President's annual allowance	7,379	10,832	6,942
President's meeting attendance fees	8,922	13,096	8,394
President's ICT expenses	1,874	2,750	846
President's travel and accommodation expenses	1,025	444	579
	19,200	27,122	16,761
Deputy President's annual allowance	2,708	2,708	1,735
Deputy President's meeting attendance fees	10,668	10,668	6,838
Deputy President's ICT expenses	1,010	1,010	846
Deputy President's travel and accommodation expenses	687	444	485
	15,073	14,830	9,904
All other council member's meeting attendance fees	74,674	74,674	47,866
All other council member's child care expenses	0	500	0
All other council member's ICT expenses	7,070	7,070	5,922
All other council member's travel and accommodation expenses	2,024	3,112	2,017
	83,768	85,356	55,805
24(b)	118,041	127,308	82,470

(b) Key management personnel (KMP) compensation

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

Short-term employee benefits	583,145	616,432
Post-employment benefits	73,631	70,048
Employee - other long-term benefits	64,742	62,540
Employee - termination benefits	13,415	0
Council member costs	118,041	82,470
24(a)	852,974	831,490

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 cost of the Shire'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.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

24. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

(d) Related parties

The Shire'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 Shire, directly or indirectly, including any council member, are considered key management personnel.

ii. Other Related Parties

Outside of normal citizen type of transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

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

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

25. JOINT ARRANGEMENTS

Share of joint operations

Arrangements with Homeswest relate to four sets of Well Aged housing complexes located on South Western Highway, Donnybrook. The Shire is required to recognise any trading surplus from the operation of these units as Restricted Assets, and is further required to maintain a Contingency Reserve for future major maintenance.

Minninup Cottages, Units 5-8 (lot 486) built in 1982/83
Council Equity - 34.48%
Homeswest Equity - 65.52%

Minninup Cottages, Units 9-12 (lot 479) built in 1992/93
Council Equity - 15.2%
Homeswest Equity - 84.8%

Langley Villas, Units 1-6 (lot 100) built in 1994/95
Council Equity - 20.8%
Homeswest Equity - 79.2%

Langley Villas, Units 7-9 (lot 100) built in 2001/02
Council Equity - 35.98%
Homeswest Equity - 64.02%

Statement of financial position

	2025 Actual	2024 Actual
	\$	\$
Cash and cash equivalents	665,817	553,797
Total assets	665,817	553,797
Reserve accounts	665,817	553,797
Total equity	665,817	553,797

Statement of comprehensive income

Other revenue	147,503	94,462
Other expense	(112,034)	(277,386)
Profit/(loss) for the period	35,469	(182,924)
Other comprehensive income		
Total comprehensive income for the period	35,469	(182,924)

The Shire has a 50% Equity interest in the Donnybrook Community Library situated on Education Department Land (Reserve 24032 Bentley Street, Donnybrook). Operational and maintenance costs are apportioned between the Shire and the Education Department based on estimated usage patterns.

	2025 Actual	2024 Actual
	\$	\$
Assets	1,140,954	1,163,816
Total assets	1,140,954	1,163,816
Current liabilities	0	0
Total liabilities	0	0

Statement of Comprehensive income

Other revenue	589	358
Other expenditure	(358,593)	(382,528)
Net result for the period	(358,004)	(382,170)
Total comprehensive income for the period	(358,004)	(382,170)

Statement of cash flows

Other revenue	589	358
Other expense	(358,593)	(382,528)
Net cash provided by (used in) operating activities	(358,004)	(382,170)

MATERIAL ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with two or more parties to the joint arrangement. All parties to joint arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standards.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no events subsequent to the reporting date that materially impact on this financial report.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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 Shire's operational cycle. In the case of liabilities where the Shire 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 Shire'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 Shire 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 Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the Shire 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 that an 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 or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire 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 Shire 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 Shire 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 Shire's assets, other than inventories, 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 10.

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.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

28. RATING INFORMATION

(a) General rates

RATE TYPE				2024/25	2024/25	2024/25	2024/25	2024/25	2024/25	2023/24
Rate description	Basis of valuation	Rate in \$	Number of properties	Actual rateable value*	Actual rate revenue	Actual interim rates	Actual total revenue	Budget rate revenue	Budget interim rate	Actual total revenue
				\$	\$	\$	\$	\$	\$	\$
General Rate	Gross rental valuation	0.092018	1,291	32,810,657	3,019,171	11,418	3,030,589	3,019,171	10,000	2,407,066
General Rate	Unimproved valuation	0.005013	821	521,301,616	2,613,285	5,591	2,618,876	2,613,285	0	2,333,821
Total general rates			2,112	554,112,273	5,632,456	17,009	5,649,465	5,632,456	10,000	4,740,887
Minimum payment										
				\$						
General Rate	Gross rental valuation	1,667	695	9,091,267	1,158,565	0	1,158,565	1,158,565	0	1,365,015
General Rate	Unimproved valuation	1,667	624	130,003,961	1,040,208	0	1,040,208	1,040,208	0	987,780
Total minimum payments			1,319	139,095,228	2,198,773	0	2,198,773	2,198,773	0	2,352,795
Total general rates and minimum payments			3,431	693,207,501	7,831,229	17,009	7,848,238	7,831,229	10,000	7,093,682
Concessions							(966)			(879)
Total rates							7,847,272		7,840,319	7,092,803
(b) Rates related information										
Rates instalment interest							22,381		32,000	22,683
Rates instalment plan charges							31,625		23,000	29,119
Rates overdue interest							54,679		45,000	52,696
Rates written off							(713)		(500)	(896)

*Rateable Value at time of raising of rate.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

29. DETERMINATION OF SURPLUS OR DEFICIT

	Note	2024/25 (30 June 2025 carried forward) \$	2024/25 Budget (30 June 2025 carried forward) \$	2023/24 (30 June 2024 carried forward) \$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(129,914)	0	(39,723)
Less: Change in Provision - unwinding of discount		15,613	0	31,415
Less: Fair value adjustments to financial assets at fair value through profit or loss		3,552	0	(1,681)
Add: Loss on disposal of assets		484,646	0	1,959,340
Add: Depreciation		7,431,343	7,504,630	7,319,282
Add: Amortisation on non-current assets		79,236	0	95,732
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		(13,500)	0	(6,274)
Deferred Debtor		0	0	(60,900)
Employee benefit provisions		117,730	0	(8,862)
Accrued Income - Employee Entitlements		(13,613)	0	(3,144)
Accrued Income - Preston Village (Non Current)		(69,423)	0	19,605
Inventory		23,125	0	(30,100)
Non-cash amounts excluded from operating activities		7,928,795	7,504,630	9,274,690
(b) Non-cash amounts excluded from financing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to financing activities				
Non cash proceeds from new leases	30(b)	0	(100,000)	0
Non-cash amounts excluded from financing activities		0	(100,000)	0
(c) Surplus or deficit after imposition of general rates				
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.				
Adjustments to net current assets				
Less: Reserve accounts	31	(5,576,653)	(3,179,578)	(7,800,473)
Less: Financial assets at amortised cost - self-supporting loans	4(a)	(23,810)	0	(23,529)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	131,459	131,459	141,031
- Current portion of lease liabilities	11(b)	20,281	102,375	25,345
Total adjustments to net current assets		(5,448,723)	(2,945,744)	(7,657,626)
Net current assets used in the Statement of financial activity				
Total current assets		11,375,116	6,552,229	18,018,589
Less: Total current liabilities		(4,036,116)	(3,606,485)	(8,047,124)
Less: Total adjustments to net current assets		(5,448,723)	(2,945,744)	(7,657,626)
Surplus or deficit after imposition of general rates		1,890,277	0	2,313,839

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

30. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at 1 July 2023	New loans during 2023-24	Principal repayments during 2023-24	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	Principal at 30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Dental Surgery Extension		28,608	0	(13,893)	14,715	0	(14,715)	0	14,715	0	(14,715)	0
Tuia Lodge Fire Suppression		208,455	0	(28,391)	180,064	0	(28,842)	151,222	180,063	0	(28,842)	151,221
VC Mitchell Park		0	2,900,000	0	2,900,000	0	(87,278)	2,812,722	2,900,000	0	(87,278)	2,812,722
Total		237,063	2,900,000	(42,284)	3,094,779	0	(130,835)	2,963,944	3,094,778	0	(130,835)	2,963,943
Self-supporting loans												
Donnybrook Country Club		35,941	0	(9,922)	26,019	0	(10,196)	15,823	26,019	0	(10,196)	15,823
Total self-supporting loans		35,941	0	(9,922)	26,019	0	(10,196)	15,823	26,019	0	(10,196)	15,823
Total borrowings	15	273,004	2,900,000	(52,206)	3,120,798	0	(141,031)	2,979,767	3,120,797	0	(141,031)	2,979,766

Self-supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

Borrowing finance cost payments

Purpose	Loan number	Institution	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
					\$	\$	\$
Dental Surgery Extension	74	WATC	5.83%	27/05/2025	(565)	(646)	(1,392)
Tuia Lodge Fire Suppression	93	WATC	1.58%	26/04/2030	(2,647)	(2,732)	(3,099)
VC Mitchell Park	94	WATC	4.98%	28/03/2044	(143,518)	(145,455)	(37,930)
Total					(146,730)	(148,833)	(42,421)
Self-supporting loans finance cost payments							
Donnybrook Country Club	90	WATC	2.74%	24/04/2027	(592)	(644)	(866)
Total self-supporting loans finance cost payments					(592)	(644)	(866)
Total finance cost payments					(147,322)	(149,477)	(43,287)

* WA Treasury Corporation

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

30. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease liabilities

Purpose	Note	Actual				Budget			
		Principal at	New leases	Principal	Principal at 30	New leases	Principal	Principal at	Principal at
		1 July 2023	during 2023-24	repayments	June 2024	during 2024-25	repayments	30 June 2025	30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$
IT Equipment - Laptops		8,130	0	(8,130)	0	0	0	0	0
IT Equipment - Stacking Switches		14,932	0	(6,679)	8,253	0	(7,043)	1,210	1,210
Matrix Fitness Equipment		74,811	0	(17,566)	57,245	0	(18,302)	38,943	38,943
IT Equipment - Desktops/Laptops		0	0	0	0	0	0	0	0
Total lease liabilities	11(b)	97,873	0	(32,375)	65,498	0	(25,345)	40,153	110,153

Lease finance cost payments

Purpose	Lease number	Institution	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
IT Equipment - Laptops	009-0147653-01	Dell Financial	2.10%	31/05/2024	\$ 0	\$ 0	\$ (85)	48 months
IT Equipment - Stacking Switches	214-09394537-01	Lage Landen P	2.20%	31/08/2025	(268)	(268)	(631)	60 months
Matrix Fitness Equipment	A6ZBG64105	Maia Financial	4.20%	30/06/2027	(2,018)	(2,018)	(2,754)	48 months
IT Equipment - Desktops/Laptops					0	(7,000)	0	48 months
Total finance cost payments					(2,286)	(9,286)	(3,470)	

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

31. RESERVE ACCOUNTS

	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance	2025 Budget opening balance	2025 Budget transfer to	2025 Budget transfer (from)	2025 Budget closing balance	2024 Actual opening balance	2024 Actual transfer to	2024 Actual transfer (from)	2024 Actual closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Employee Entitlement Reserve	17,500	25,000	0	42,500	17,500	25,000	0	42,500	17,500	0	0	17,500
(b) Waste Management Reserve	1,251,810	0	(3,500)	1,248,310	1,251,809	0	(200,000)	1,051,809	1,289,102	15,561	(52,853)	1,251,810
(c) Arbuthnott Memorial Scholarship Reserve	2,685	0	0	2,685	2,685	0	(300)	2,385	2,985	0	(300)	2,685
(d) Strategic Planning Studies Reserve	31,012	0	0	31,012	31,012	0	0	31,012	31,351	0	(339)	31,012
(e) Land Development Reserve	100,271	0	(79,012)	21,259	100,271	0	(79,012)	21,259	450,271	0	(350,000)	100,271
(f) Vehicle Reserve	185,557	526,088	(272,120)	439,525	185,556	520,000	(497,749)	207,807	694,867	450,000	(959,310)	185,557
(g) Roadworks Reserve	234,000	38,301	(29,141)	243,160	234,001	43,750	(243,517)	34,234	289,629	0	(55,629)	234,000
(h) Revaluation Reserve	20,000	40,000	0	60,000	20,000	40,000	0	60,000	40,000	40,000	(60,000)	20,000
(i) Buildings Reserve	520,432	257,457	(400,808)	377,081	520,433	253,965	(478,526)	295,872	631,796	80,000	(191,364)	520,432
(j) Council Election Reserve	0	20,000	0	20,000	0	20,000	0	20,000	13,650	0	(13,650)	0
(k) Information Technology Reserve	18,061	20,000	0	38,061	18,061	20,000	(38,061)	0	45,734	20,000	(47,673)	18,061
(l) Parks and Reserves Reserve	359,280	218,301	(209,660)	367,921	359,280	223,750	(214,237)	368,793	331,707	126,927	(99,354)	359,280
(m) Carried Forward Projects Reserve	3,819,935	1,279,977	(3,645,696)	1,454,216	3,819,935	0	(3,819,935)	0	55,451	3,819,935	(55,451)	3,819,935
(n) Minninup Cottages 1-4 Surplus Reserve	67,987	14,735	0	82,722	67,987	0	(22,788)	45,199	65,550	2,437	0	67,987
(o) Minninup Cottages 5-8 Surplus Reserve	0	0	0	0	0	0	0	0	85,105	0	(85,105)	0
(p) Minninup Cottages 9-12 Surplus Reserve	221,388	0	(41,612)	179,776	221,388	0	(81,196)	140,192	214,017	7,849	(478)	221,388
(q) Langley Villas 1-6 Surplus Reserve	243,439	0	0	243,439	243,439	0	(21,939)	221,500	303,944	0	(60,505)	243,439
(r) Langley Villas 7-9 Surplus Reserve	146,755	0	0	146,755	146,755	0	0	146,755	200,839	0	(54,084)	146,755
(s) Minninup Cottages 5-8 Lt Maintenance Reserve	11,669	0	0	11,669	11,669	0	0	11,669	9,669	2,000	0	11,669
(t) Minninup Cottages 9-12 Lt Maintenance Reserve	10,628	0	0	10,628	10,628	0	0	10,628	8,628	2,000	0	10,628
(u) Langley Villas 1-6 Lt Maintenance Reserve	21,023	0	0	21,023	21,023	0	0	21,023	17,423	3,600	0	21,023
(v) Langley Villas 7-9 Lt Maintenance Reserve	7,200	0	0	7,200	7,200	0	0	7,200	5,400	1,800	0	7,200
(w) Preston Village Exit Deferred Management Reserve	394,814	22,649	0	417,463	394,814	0	0	394,814	314,106	80,708	0	394,814
(x) Preston Village Reserve Fund Contribution Reserve	115,027	8,140	(58,246)	64,921	115,027	0	(79,500)	35,527	83,468	31,559	0	115,027
(y) Langley Villas 1-9 Long term maintenance	0	6,781	0	6,781	0	5,400	0	5,400	0	0	0	0
(z) Minninup Cottage 5-12 Long term maintenance	0	4,000	0	4,000	0	4,000	0	4,000	0	0	0	0
(aa) Langley Villas 1-9 Surplus reserve	0	15,032	0	15,032	0	0	0	0	0	0	0	0
(ab) Minninup Cottages 5-12 Surplus reserve	0	19,514	0	19,514	0	0	0	0	0	0	0	0
	7,800,473	2,515,975	(4,739,795)	5,576,653	7,800,473	1,155,865	(5,776,760)	3,179,578	5,202,192	4,684,376	(2,086,095)	7,800,473

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

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

31. 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 account	Purpose of the reserve account
Restricted by council	
(a) Employee Entitlement Reserve	To provide for the payment of annual leave, long service leave, personal leave, and grandfathered gratuity scheme entitlements.
(b) Waste Management Reserve	To receive funds collected from the Shire's Waste Management levy for the purpose of providing waste management facilities.
(c) Arbuthnott Memorial Scholarship Reserve	To fund the payment of the Arbuthnott Scholarship.
(d) Strategic Planning Studies Reserve	To accumulate funds for engaging strategic studies / reports.
(e) Land Development Reserve	To fund the purchase of land for future community purposes.
(f) Vehicle Reserve	To accumulate funds for the acquisition and replacement of Council's vehicle fleet.
(g) Roadworks Reserve	To accumulate funds for the construction, renewal and major maintenance of road infrastructure.
(h) Revaluation Reserve	To accumulate funds for asset revaluations and rates gross rental valuation - General revaluation.
(i) Buildings Reserve	To accumulate funds for the construction, renewal and major maintenance of Council buildings.
(j) Council Election Reserve	To accumulate fund for council postal elections.
(k) Information Technology Reserve	To accumulate funds for the acquisition and replacement of Information Technology equipment and software.
(l) Parks and Reserves Reserve	To accumulate funds for the construction, renewal and major maintenance of parks & reserves infrastructure.
(m) Carried Forward Projects Reserve	To accumulate funds from projects carried into future financial years.
(n) Minninup Cottages 1-4 Surplus Reserve	To accumulate surplus income of units 1-4 for the purpose of unit maintenance, renewal and upgrades.
(o) Minninup Cottages 5-8 Surplus Reserve	To accumulate surplus income of units 5-8 for purposes prescribed in the Joint Venture Agreement.
(p) Minninup Cottages 9-12 Surplus Reserve	To accumulate surplus income of units 9-12 for purposes prescribed in the Joint Venture Agreement.
(q) Langley Villas 1-6 Surplus Reserve	To accumulate surplus income of units 1-6 for purposes prescribed in the Joint Venture Agreement.
(r) Langley Villas 7-9 Surplus Reserve	To accumulate surplus income of units 7-9 for purposes prescribed in the Joint Venture Agreement.
(s) Minninup Cottages 5-8 Lt Maintenance Reserve	To accumulate fund for units 5-8 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(t) Minninup Cottages 9-12 Lt Maintenance Reserve	To accumulate fund for units 9-12 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(u) Langley Villas 1-6 Lt Maintenance Reserve	To accumulate fund for units 1-6 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(v) Langley Villas 7-9 Lt Maintenance Reserve	To accumulate fund for units 7-9 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(w) Preston Village Exit Deferred Management Reserve	To accumulate Preston Village Exit Deferred management fees as contribution towards funding the lease liability.
(x) Preston Village Reserve Fund Contribution Reserve	To accumulate the Preston Village Reserve fund contribution for purposes prescribed within the Residence Contract.
(y) Langley Villas 1-9 Long term maintenance	To accumulate funds for units 1-9 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(z) Minninup Cottage 5-12 Long term maintenance	To accumulate funds for units 5-12 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(aa) Langley Villas 1-9 surplus reserve	To accumulate surplus income of units 1-9 for purposes prescribed in the Joint Venture Agreement.
(ab) Minninup Cottages 5-12 surplus reserve	To accumulate surplus income of units 5-12 for purposes prescribed in the Joint Venture Agreement.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

32. TRUST FUNDS

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:

	1 July 2024	Amounts received	Amounts paid	30 June 2025
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	56,967	0	0	56,967
	56,967	0	0	56,967



Auditor General

INDEPENDENT AUDITOR'S REPORT

2025

Shire of Donnybrook-Balingup

To the Council of the Shire of Donnybrook-Balingup

Opinion

I have audited the financial report of the Shire of Donnybrook-Balingup (Shire) which comprises:

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report :

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2025 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Donnybrook-Balingup for the year ended 30 June 2025 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Mahmoud Salahat
Acting Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
9 December 2025



Report 3: 2025-26 | 12 November 2025

PERFORMANCE AUDIT

Maintaining Regional Local Roads



Office of the Auditor General for Western Australia

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(to assist people with hearing and voice impairment)

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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.

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Maintaining Regional Local Roads

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 be 'C Spencer'.

Caroline Spencer
Auditor General
12 November 2025

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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 Product¹.

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 billion² 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 billion³ 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 2023-24⁴, with around \$752 million spent on

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

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

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

⁴ 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:

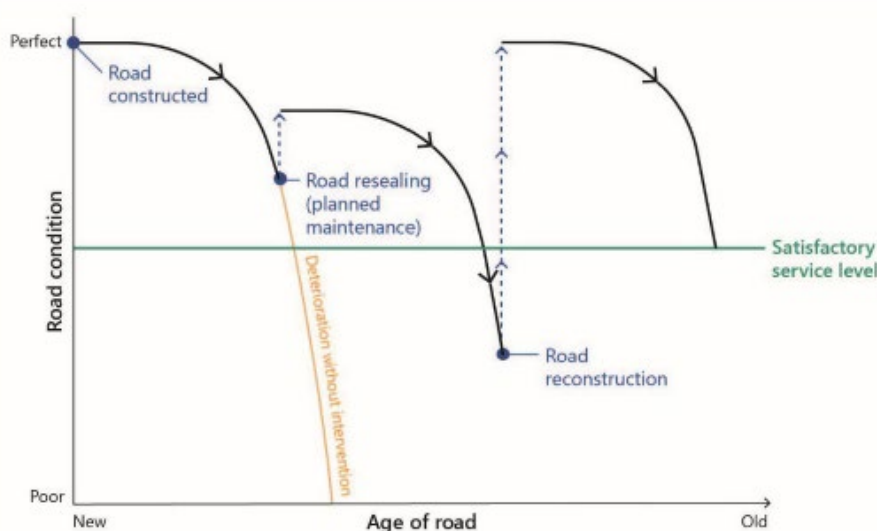
- \$253 million from the State Road Funds to Local Government Agreement 2023-24 to 2027-28 (Local Government Agreement)
- \$136 million in Financial Assistance Grants provided by the Australian Government
- other grants including Roads to Recovery, Black Spot and the Wheatbelt Secondary Freight Network 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 reported⁵ 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 areas⁶.

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

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

⁶ 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.

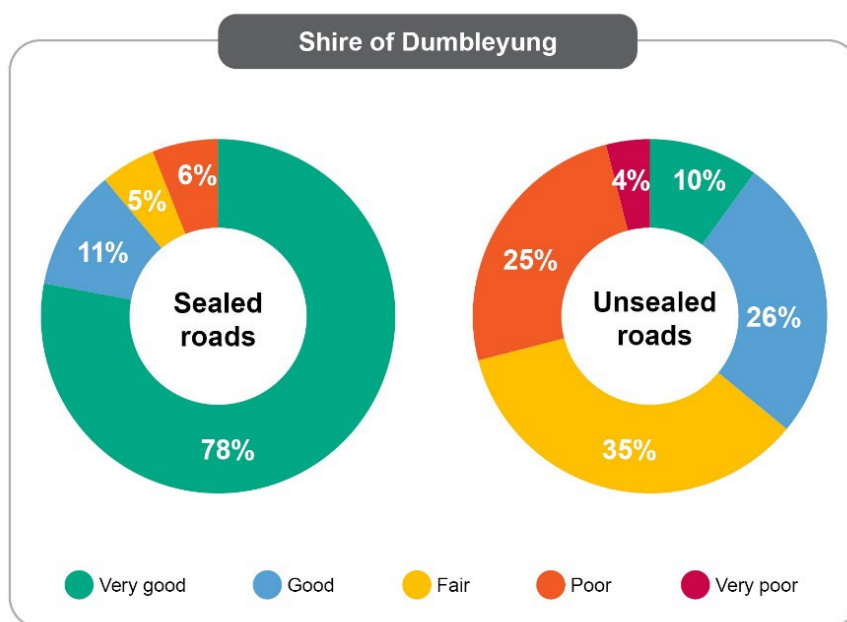
Funding arrangements need to be reviewed to ensure they respond to the diversity of need and capability in regional LG entities, support more consistent road maintenance and better roads for road users. A more systematic integration of condition data into maintenance planning is essential for good asset 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)

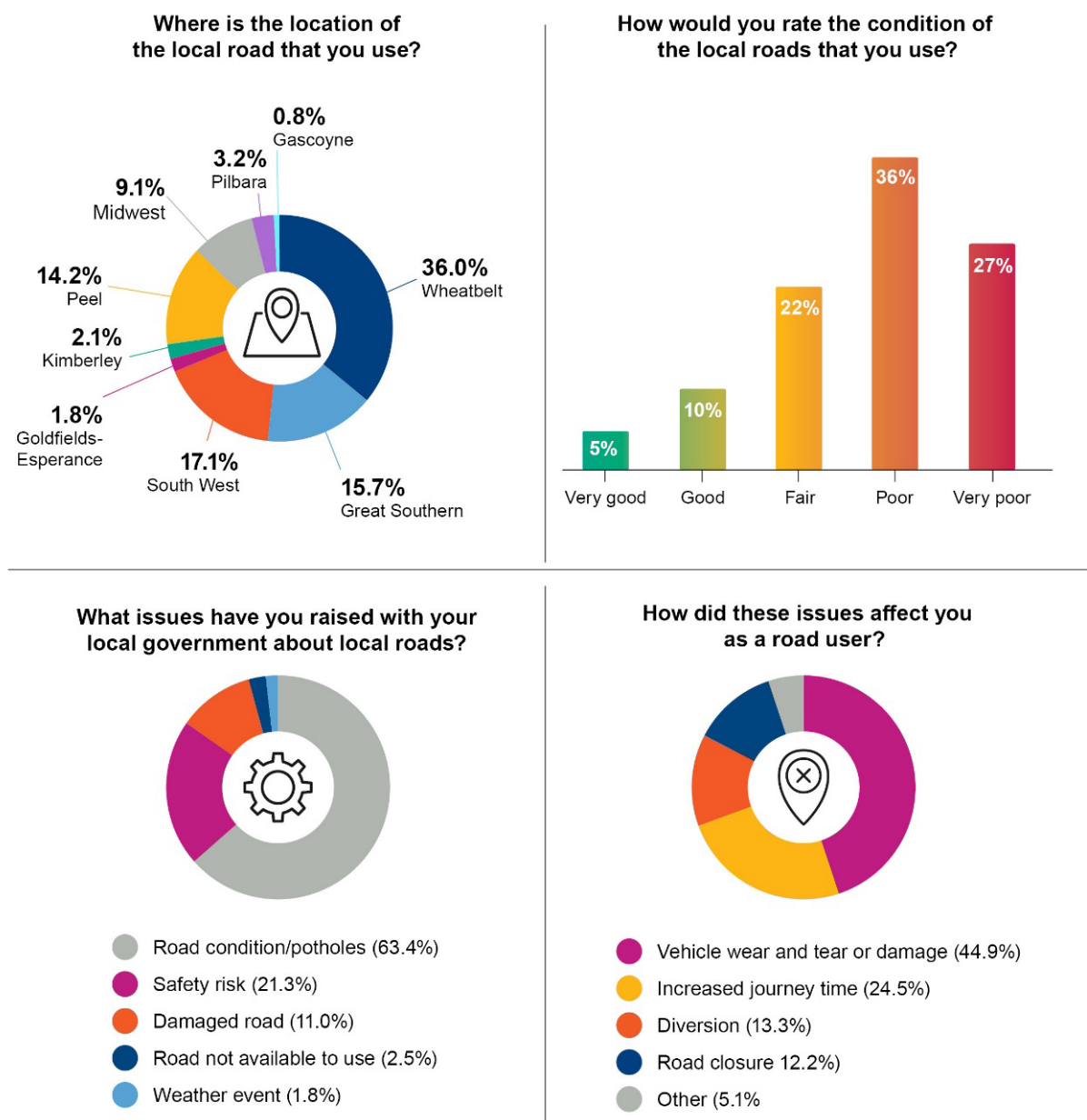
The other audited LG entities had varied levels of condition data based on assessments made at least once every five years for minimum financial reporting purposes but this information is not always in entities asset management systems and used for road maintenance. For instance, the City of Greater 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 reports⁷ 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.

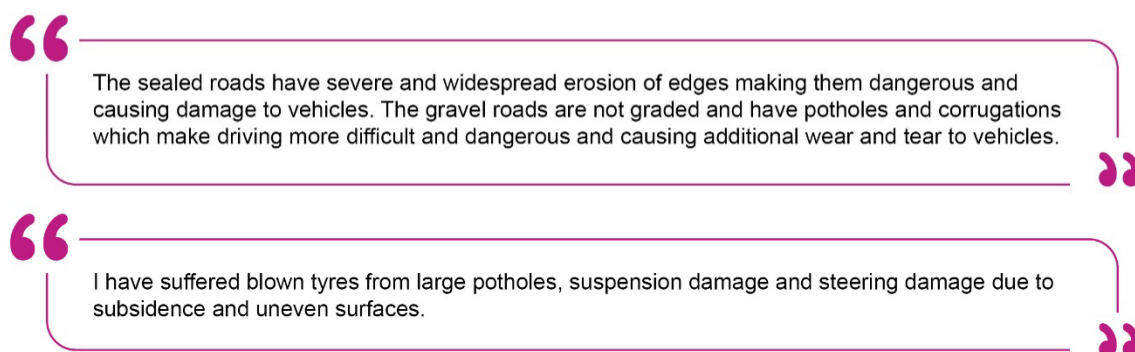
The responses to our road user survey reflected the varied condition of local roads. Thirty-seven per cent of road users rated local roads very good to fair with most users (63%) indicating road conditions were poor to very poor. Road condition and potholes were the most frequent issues raised with local 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.

⁷ 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



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.

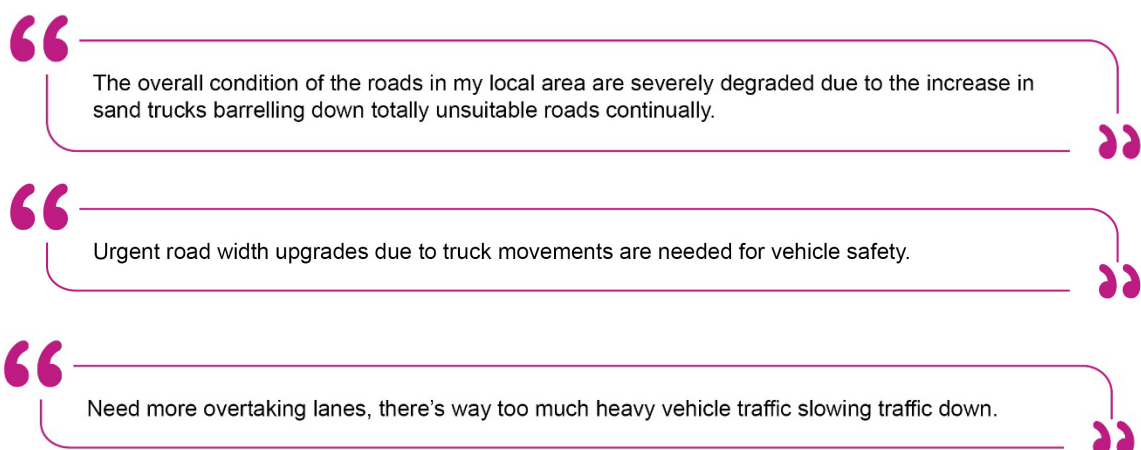
WA is not unique in not capturing condition data across road networks. We tried to compare the condition of the WA regional local government road network to other jurisdictions in Australia but were unable to do so. No state yet has a consolidated collection of local road condition information. New South 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 years⁸. 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

⁸ Transport for NSW, [NSW AusRAP map](https://www.transport.nsw.gov.au/road-assessment-program), 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.

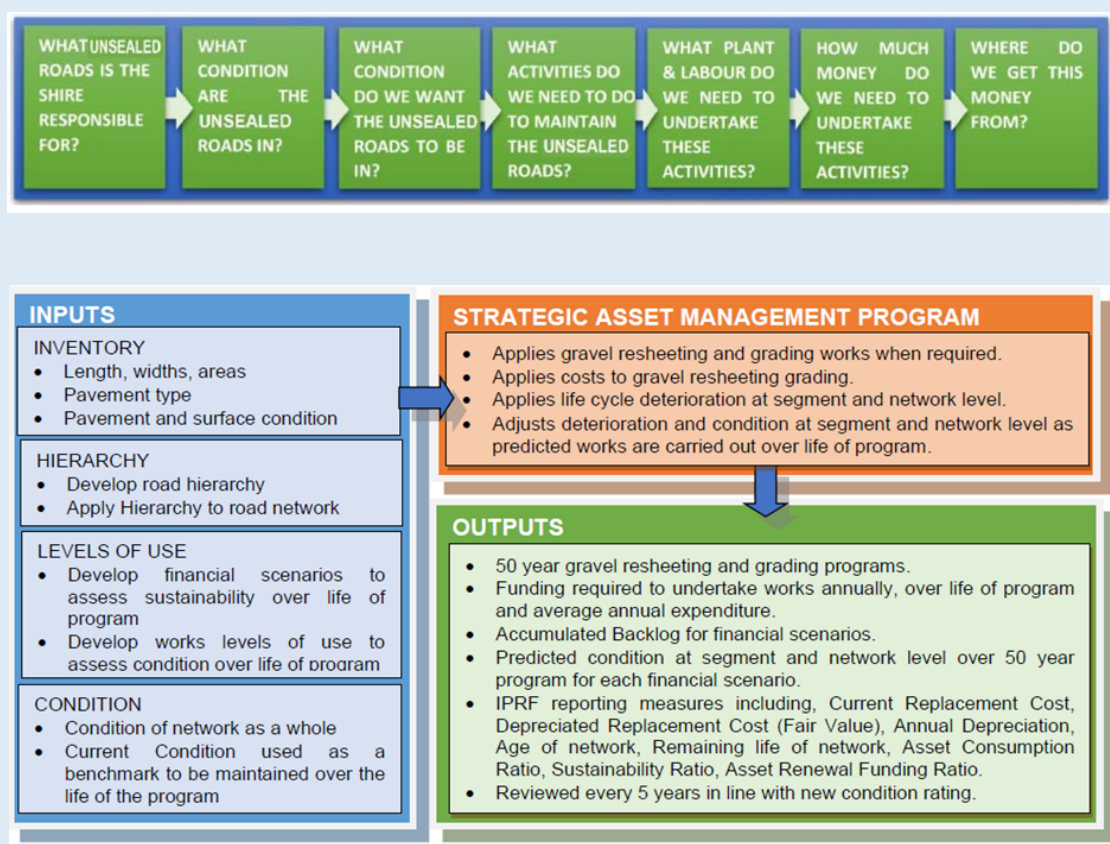
This allows the Shire to implement a preventative road maintenance strategy and the ability to report on its road maintenance backlog.



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)
City of Greater Geraldton	136	155	532	967	202	93	2,085
Shire of Derby-West Kimberley	0	43	58	454	766	418	1,739
Shire of Dumbleyung	0	7	237	659	84	3	990
Shire of East Pilbara	37	19	176	1,535	951	408	3,126
Shire of Manjimup	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

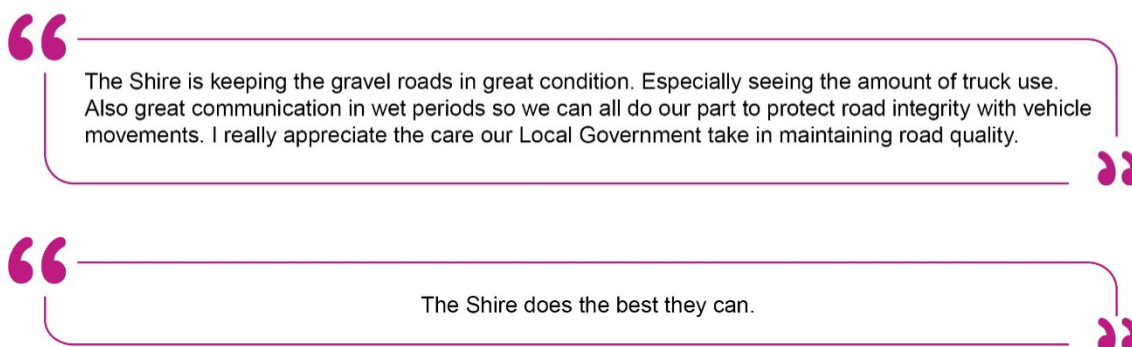
All of the audited entities understand and are maintaining their roads (Figures 9 and 10) however, they have implemented different ways to do this reflecting local environments. In setting work programs and strategies, audited entities consider priorities and how to best achieve value for money while 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



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 reported⁹ 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.

⁹ 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

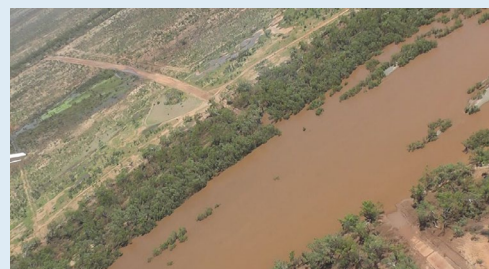
Figure 13: Damaged roads in the Shire of East Pilbara

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.

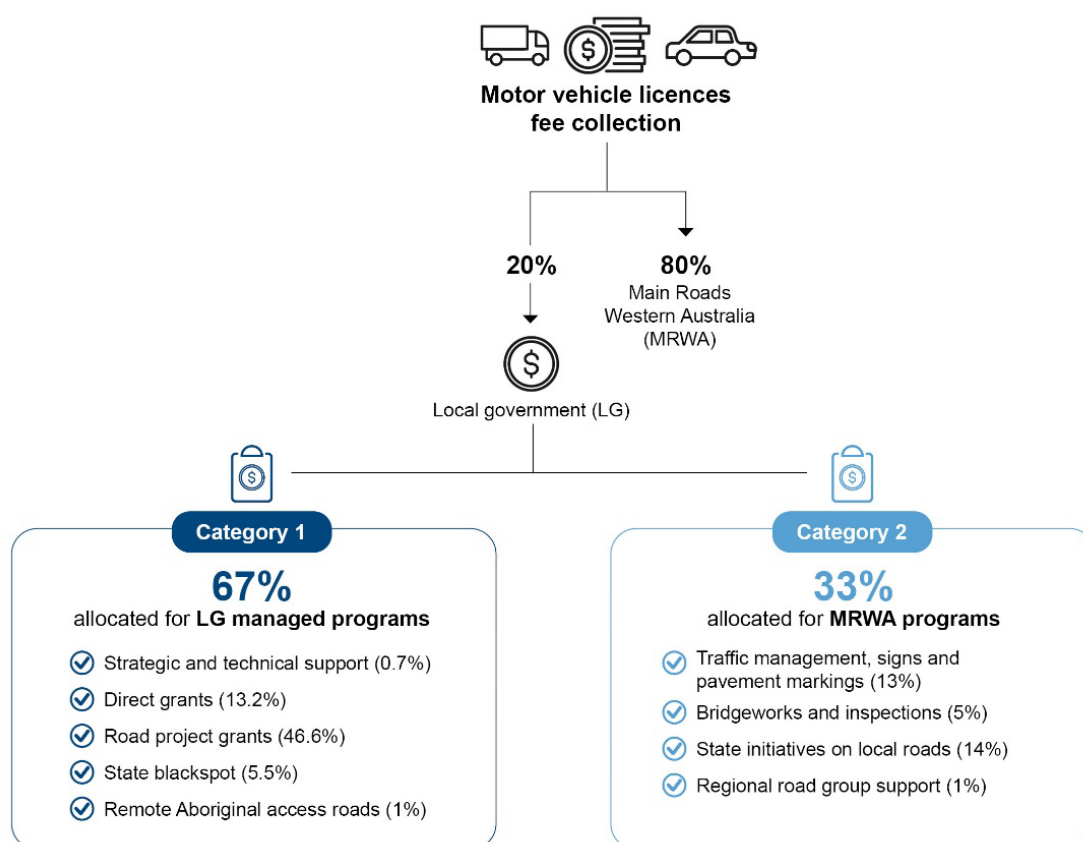
Outdated and rigid funding arrangements can be barriers to regional LG entities accessing adequate road maintenance funding

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
Total variance 2014-15 to 2023-24			205,062

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 ²)	Population	Length of local roads (km)	People for every kilometre of local roads	Revenue 2022-23 (000's)	Rates 2022-23 (000's)
City of Greater Geraldton	9,889	41,515	2,085	19.9	\$92,365	\$50,145
Shire of Derby-West Kimberley	119,842	8,410	1,739	4.8	\$27,239	\$8,669
Shire of Dumbleyung	2,541	693	990	0.7	\$5,989	\$1,932
Shire of East Pilbara	371,244	10,311	3,126	3.3	\$72,691	\$28,389
Shire of Manjimup	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 reports¹⁰ 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.

¹⁰ 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
Total Asset Preservation Expenditure	\$324.7	\$427.7
Asset Preservation Gap	-\$43.1	\$345.8
Asset Preservation Gap	-15.3%	44.7%

Source: OAG using WA LGGC and WALGA information

Table 4: Asset preservation gap 2023-24

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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