

Shire of Derby/ West Kimberley

ANNUAL REPORT 2016-2017

Prepared by the Shire of Derby/West Kimberley

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ADMINISTRATION DETAILS

Shire of Derby/West Kimberley
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OUR VISION, MISSION AND VALUES

OUR VISION

A friendly and diverse place with awesome opportunities

OUR MISSION

To provide leadership, infrastructure and services that meet the needs of the local and wider communities

OUR VALUES

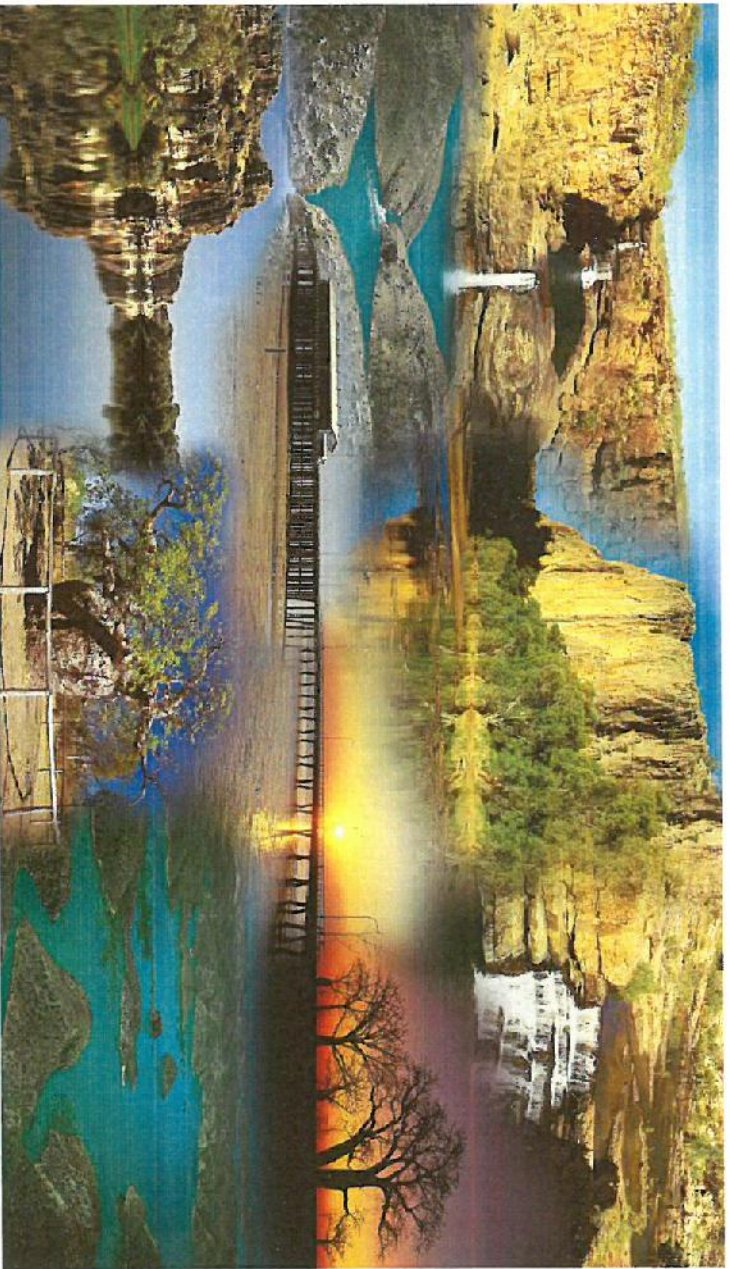
RESPECTFUL by being helpful, friendly and supportive

INTEGRITY through honesty, accountability and ethical behaviour

LEADERSHIP by the Shire at the local and regional level and through encouragement of community leaders

KNOWLEDGEABLE by being well informed and accurate in what we do

BUILDING GOOD RELATIONSHIPS by being communicative, responsive and inclusive



STRATEGIC GOALS AND OUTCOMES

<p>Community Wellbeing – A diverse, caring and safe community providing opportunities for all its people.</p> <ul style="list-style-type: none"> • Accessible health and family support services that meet the needs of our community. • Public and environmental health protection. • Access to affordable housing options. • An inclusive and participative community. • Sport, recreation and leisure opportunities that support community health and well-being. • Opportunities for development and participation of our youth. • Quality of life for the aged and disabled. • Access to learning, cultural and arts opportunities that support community growth and diversity. • A safe and responsible community. 	<p>A Balance Between the Natural and Built Environments – Sustainable natural and built environments that meet the needs of the community and support future growth.</p> <ul style="list-style-type: none"> • Appropriate development that enhances the unique character and heritage of the Shire's townships. • Attractive streetscapes, open spaces, parks and gardens. • Reliable and safe transport infrastructure. • Shire buildings and needs that meet community needs. • Assets and infrastructure managed over the long term to meet current and future needs. • Protection of the natural environment. • Access to renewable energy options. • Integrated waste management. • Efficient use and management of water resources. • Safe and effective disposal of wastewater.
<p>Good Governance and an Effective Organisation – Leadership that provides strategic direction for the community, supported by efficient and effective service delivery.</p> <ul style="list-style-type: none"> • Effective governance and leadership. • Effective engagement with the community and stakeholders. • Accessible and effective customer services and information systems. • Financial sustainability and accountability for performance. • Skilled, committed and professional staff in a supportive environment. 	<p>A Strong and Diverse Local Economy – A strong local economy that is supported by a broad industry base with opportunities for business development and employment.</p> <ul style="list-style-type: none"> • Local business development and employment opportunities. • A strong and diverse industry base providing community benefits. • A vibrant and strong tourism industry. • Appropriate infrastructure that supports economic development.

OUR COMMUNITY AND ABORIGINAL HERITAGE

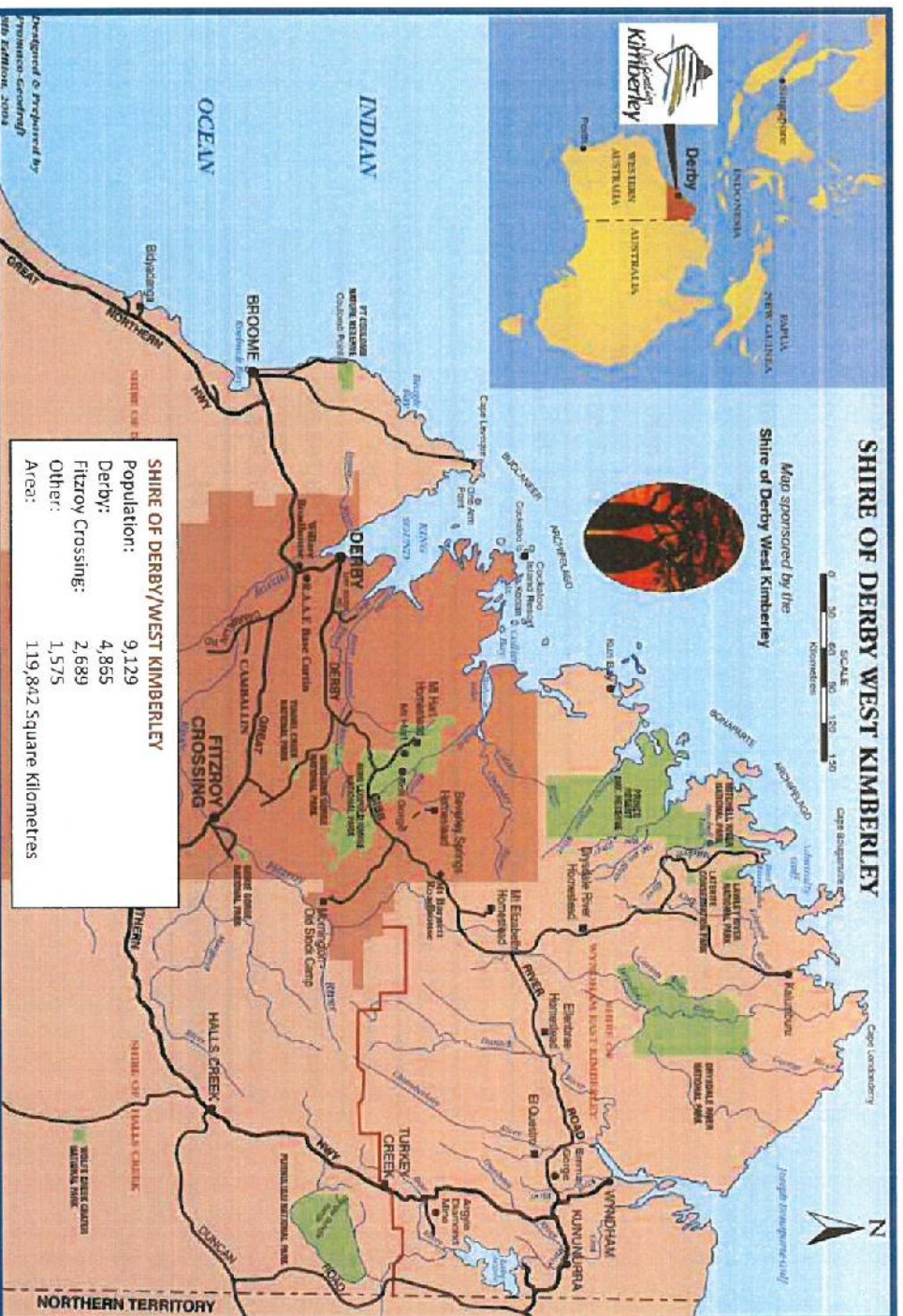
The Shire of Derby/West Kimberley covers a vast area servicing 54 Aboriginal communities and three towns. Derby and Fitzroy Crossing being the main population centres with a third township at Camballin. Derby is the major centre of the Shire and this is where the main Administration Centre is located.

The Shire of Derby/West Kimberley offers its residents a unique and unparalleled way of life. On our doorstep are some truly stunning and untouched wilderness like the famed Buccaneer Archipelago, National Parks and gorges, the mighty Fitzroy River and the Gibb River Road. These pristine environments offer us the opportunity to get out camping, fishing and four wheel driving and many are just an hour away.

Derby remains a supply point for an important part of the Kimberley's pastoral, mining, oil and tourist industries.

The area now known as the Shire of Derby/West Kimberley has a diverse Indigenous Australian heritage. Across this area a large number of language and cultural groups have a long history that predates European contact. Traditionally, prior to contact, Aboriginal people from the Warra, Bardi, Jawi, Ngarinyin, Wororra, Nyikina, Mangala, Unggumi, Bunuba, Walmajarri and Gooniyandi language groups (among others) would interact for law and ceremonial business.

The Shire of Derby/West Kimberley looks forward to an ongoing partnership with Indigenous organisations to improve the wellbeing of our Indigenous communities and residents.



SHIRE STATISTICS

Western Australia Area	2,525,500 km ²
Shire of Derby/West Kimberley Area	119,842 km ²
Shire Population	9,129
Derby	4,865
Fitzroy Valley	2,689
Other	1,575
Distance from Perth	
via Great Northern Highway	2,383 km
via North West Coastal Highway	2,500 km
Average Annual Temperatures	
Derby	Mean Max 34.6°C Mean Min 21.5°C
Fitzroy Crossing	Mean Max 35.6°C Mean Min 19.1°C
Average Annual Rainfall	
Derby	691 mm
Fitzroy Crossing	541.2 mm
Sealed Roads	101.78 km
Unsealed Roads	1,892.88 km
Number of Electors	3,683
Number of Dwellings	1,856
Total Rates Levied	\$6,793,582
Operating Revenue	\$20,908,701
Shire Employees (FTE)	68

SHIRE PRESIDENT'S REPORT

As incoming Shire President I have observed the cyclical nature of mining investment and pressure on all layers of Government to reduce costs.

I am confident that the strategies implemented will position the Shire and community well to ride out the down turn and take advantage of future improvements in the economy in a sustainable manner.

In the mean time we acknowledge the resilience of the community in the tough times and the commitment of the Shire to tighten its belt while still supporting medium to long term regional and economic development opportunities.

We would like to acknowledge and thank Shire President Elsia Archer OAM JP who presided over the 2016/17 year and specifically recognise her efforts over the last 16 years as President given her retirement in October 2017. Elsia has been a tireless leader and champion of the community and leaves a lasting legacy through her service to the region.

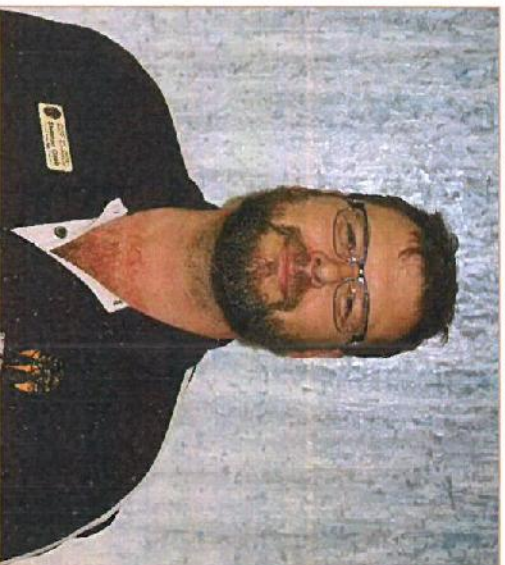
I would like to commend this report to you and acknowledge the work and dedication of all the Councillors in staff in performing their duties in 2016/17.

COUNCILLOR GEOFF HAEWERA

SHIRE PRESIDENT

December 2017

CHIEF EXECUTIVE OFFICER'S REPORT



The economic downturn in the Shire of Derby/ West Kimberley has reduced the gross regional product by 40% or \$300million from 4 years ago. This has had the biggest impact on the Shires financial performance given the reliance on commercial fees and charges.

The Shire operations have been exposed to this down turn by a reduction in revenue through the ceasing of flights from Curtin, and reduction in revenue from port activity, both of which have been driven by ceasing of several mining operations.

Unfortunately the Shire still has significant fixed and legacy costs under its leasing obligations to Governments at the port and Curtin airport.

We look forward to improvement in 2017/18 with the projects in the pipeline such as Sheffield Resources, and the long term benefit to the economy and community that this can bring.

An overview of services and achievements is provided in this report and I thank staff for maintaining service levels despite the cost and staff reductions while we focus on the long term sustainability of the Shire's financial position.

STEPHEN GASH

CHIEF EXECUTIVE OFFICER

SHIRE OF DERBY/WEST KIMBERLEY 2016/2017 – COUNCILLORS



SHIRE PRESIDENT
CR ELSIA ARCHER
TERM ENDS 2017



DEPUTY PRESIDENT
CR PAUL WHITE
TERM ENDS 2019

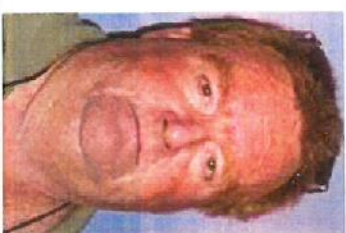


CR PETER COGGINS
TERM ENDS 2019



CR CHRIS KLOSS
TERMS ENDS 2017

CR ANNETTE KOGOLO
TERM ENDS 2017



CR PETER MCCUMSTIE
TERM ENDS 2019



CR JUNE OSCAR
TERM ENDS 2019



CR IRIS PROUSE
TERM ENDS 2019



CR ANDREW TWADDLE
TERM ENDS 2017

Elected Members' Attendance at Council Meetings

Elected Members attended the following Council meetings during the 2016-17 year:

Elected Member	Electors AGM (1)	Ordinary Council Meeting (11)	Special Council Meeting (1)
Cr E Archer	1	11	1
Cr P White	1	10	1
Cr P McCumstie	1	8	1
Cr A Twaddle	1	10	1
Cr I Prouse	1	11	0
Cr C Kloss	1	10	1
Cr A Kogolo	1	5	0
Cr J Oscar *	0	4	0
Cr P Coggins	0	9	0

Note * Cr J Oscar resigned 30 March 2017

OUR ORGANISATION

OUR STRUCTURE

The management structure of the Shire of Derby/West Kimberley is divided into two key service delivery areas under the overall management of the Chief Executive Officer (CEO). Directors are appointed to each of the departments within our organisation for the direct management of Corporate and Community Services, and Technical and Development Services.

Executive Services



Stephen Gash
Chief Executive Officer

The structure is led by the Chief Executive Officer who is supported by an Executive Leadership Team comprising two Directors. Each Director oversees the operations of Business Units structured to meet the Shire's strategic and operational objectives, its legislative responsibilities, and to ensure services are delivered in the most efficient and effective manner.

- Shire Projects
- Tourism
- Economic Development and Marketing
- Information Technology and Communication
- Planning Services
- Human Resources

Corporate and Community Services



Corporate Services is responsible for Department of Transport licensing services, strategic financial planning, budgeting and reporting, governance and policy, Council elections, public interest disclosures, payroll, creditors, debtors, rates, records management, customer service, insurance and risk management and, community and corporate leases.

Community Development is responsible for the implementation of a range of community activities that focus on improving the wellbeing and lifestyle of our community.

The main programs and services delivered to the community include the operation of the Derby memorial swimming pool, youth activities and programs, Kimberley art and photographic prize, library services and a range of programs aimed at disadvantaged and minority groups.

Martin Cuthbert

Director Corporate and Community Services

- Financial Services
- Administration Services
- Governance and Compliance
- Library and Heritage Services
- Recreation Services
- Community Development
- Community Engagement
- Youth Services

Technical and Development Services



Wayne Neate

Executive Manager Technical and Development Services

Technical Services is responsible for road construction and maintenance, street lighting, fleet management, draining maintenance, management of cemeteries, parks/reserve maintenance and asset management.

Development Services is responsible for building applications, fire mitigation, emergency risk management planning, animal management and environmental health services to all towns and communities within the Shire.

- Civil Works
- Parks and Reserves
- Asset Management
- Building Services
- Health Services



TECHNICAL SERVICES

Capital Work Achievements

- Once again a reconstruction programme was delivered where various town streets were partially or wholly reconstructed, one in Fitzroy Crossing and three in Derby.
- A rural road programme consisting of re-shaping, re-sheeting and stabilised floodways on the Nerrima, GNH-Gee Gully, Fossil Downs and Fairfield-Leopold Roads.
- A resealing programme on 9 Streets in Derby and two in Fitzroy Crossing.
- Flood damage assessments were undertaken of the entire network following the above average wet season. The damage was estimated at around the 10 million dollars.
- The completion of the Clarendon St upgrade.
- Design work was also undertaken on several streets to have the ready for delivery when funding becomes available.

Road Maintenance Strategy

The second year of the road maintenance strategy has ended.

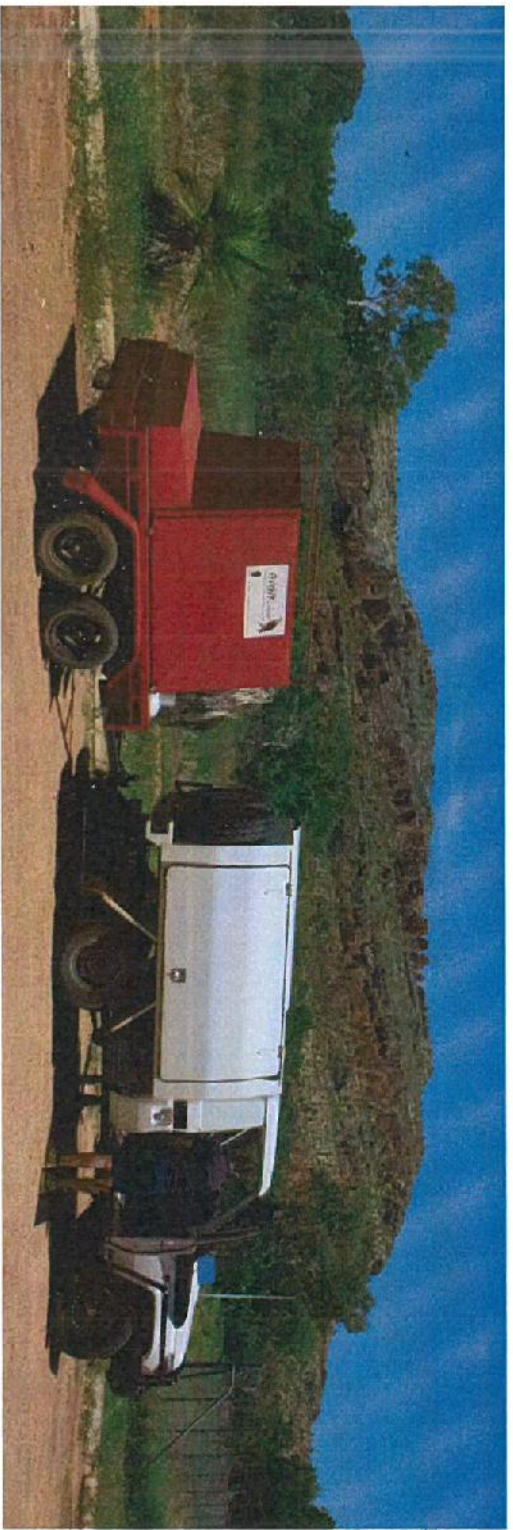
The strategy, although gaining recognition is still not widely understood amongst the general community. The strategy however has generally produced positive feedback from the road users and is constantly being reviewed to improve its effectiveness.

Asset Management

Asset management has been working at gathering information to inform Councils up and coming strategic planning process. The new Workshop and the Dog/Cat compound have been completed and begun to be used.

Parks and Gardens/Works

Parks and gardens/maintenance works have continued with their regular duties throughout the towns of Fitzroy Crossing and Derby with some major achievements being the beginning of a weed management programme and a programme for the replacement of non-compliant railing, particularly around culvert headwalls.



DEVELOPMENT SERVICES

Environmental Health

The environmental health department continued its role in public health education, enforcement and compliance across various areas of the health discipline and fulfilled statutory obligations pursuant to various legislation.

The department has begun using social media to communicate environmental health related messages with some positive results. The unit was also successful in receiving grant funding for the mosquito program and delivered a successful program in 2016/17 especially with the above average wet season. Regular duties continued throughout the year which included routine inspections at food premises, caravan parks and camping grounds, public buildings, events, and lodging houses.

Aboriginal Environmental Health

The Shire's Aboriginal environmental health unit continued to deliver environmental health related services to the 54 Aboriginal communities located within the Shire.

Highlights for the year included presenting at the 2016 Australian Health promotion Association National Conference and participating in education of Pandanus Park in regards to the nitrate drinking water issue. The unit also helped develop and participated in the Department of Health "You gotta wash Ya Face to Come to my Place" health promotion program at Kalumburu. The unit also welcomed on board to indigenous trainees to help deliver the programs into the communities.

Building Services

The Shire of Derby/West Kimberley had relatively steady year following on from 2015-16. Development and building applications remained steady but are still down on the peak of a 4-5 years ago.

The processing of building permit applications continued with a contract arrangement with All West Building Approvals, to ensure statutory timeframes for processing were met. Training has been invested into staff to ensure several staff are trained to perform the administrative functions of the building surveyor along with several process improvements to ensure compliance.

Waste Management

Waste management services continued to be provided with the contractual arrangement with Toxfree in both the Derby and Fitzroy Crossing townships, Camballin's waste management service is provided by Looma community. Total waste volumes have remained stable from the previous year and recycling volumes remain steady.

All legislated functions were met including the annual waste audit, national pollution inventory reporting and groundwater monitoring at both the Derby and Fitzroy Crossing sites.

Licence amendments that were approved for the Fitzroy Crossing waste management facility allowed the Fitzroy Crossing power station soil bioremediation project to get underway with the facility available to Council for use in the future should the need occur following the completion of the bioremediation project.

Ranger Services

Ranger services have continued to educate and inform the public on requirements across a range of topics including animal management, fire hazard mitigation, cyclone preparedness, litter management and nuisance control. The goal is to deliver positive outcomes within the community through education and enforcement.

Major achievements for the year are as follows;

- ☐ As with the previous year work with Derby Animal Welfare Group promoting reduced cost de-sexing. 45 dogs were de-sexed under this scheme during the period.
- ☐ Improved cooperation with residences in regards to the verge clean ups.

WAYNE NEATE

DIRECTOR TECHNICAL AND DEVELOPMENT SERVICES





COMMUNITY SERVICES

Community Development continue to deliver activities to improve the wellbeing and lifestyle of our community. This year saw growth in facility attendance, swimming lessons, school holiday programs, the photographic award and the Derby expo.

School Holiday Program

Activities moved from the youth centre to the swimming pool allowing the program to expand. The program is free to attend and this year involved activities such as cooking, water fun days and pool parties.

Kimberley Art Prize and Photographic Awards

The art prize exhibition displayed 109 amazing pieces and attracted more than 780 visitors over 6 days. The photographic award hosted 162 entries with 665 people attending over 6 days. The overall winners were Craig Williams with his photographic entry “The Plateau” and Shirley Cornelius with her art entry “The Honey Combe Caves”.

Grants

The community grants scheme continues to support the community with \$10,000 donated amongst various groups to assist in the delivery of various programs. Additional, larger grants supported community festivals, youth initiatives, animal welfare, environmental programs and club development.

Derby Expo

A record number of 60 exhibitors displayed stalls to over 500 visitors during the February 2017 expo.

Library Services

Over 15,000 people visited the Derby and Fitzroy Crossing libraries where over 30,000 physical items and 1,000 electronic items including e-books and e-audiobooks were issued. Early literacy sessions (rhyme time and storytime) with parents and children continue to be well supported at both libraries with nearly 2,000 members attending over the year.

Local History and Heritage

The library continues to register local history, new museum software has been introduced (MOSAIC) that now houses all our photographs. Over 1,000 images have been uploaded and will eventually enable the public to view the images online. The first stage of the Derby heritage trail was completed with 13 interpretive panels being fabricated and delivered. These panels describe the history of the town and were placed in significant locations around Derby.

Aquatic and Recreation

Events staged throughout the year included the Derby community swim classic and many birthday party functions. Programs run included touch rugby, junior tennis, Auskick football and masters swimming. These programs are now permanent activities available to the community.

Fitzroy Crossing Recreation

The aquatic and recreation team began to make a larger presence in Fitzroy Crossing over the past year. The team is negotiating an extension of the SDWK/Garnduwa Memorandum of Understanding and is also working with Garnduwa and the Youth Education, Employment and Training subcommittee on a "Youth Hub".

Work Inspiration

This year staff again ran the three day 'Work Inspiration' program that showcased a variety of career options within the Shire to a group of year 9 and 10 students.

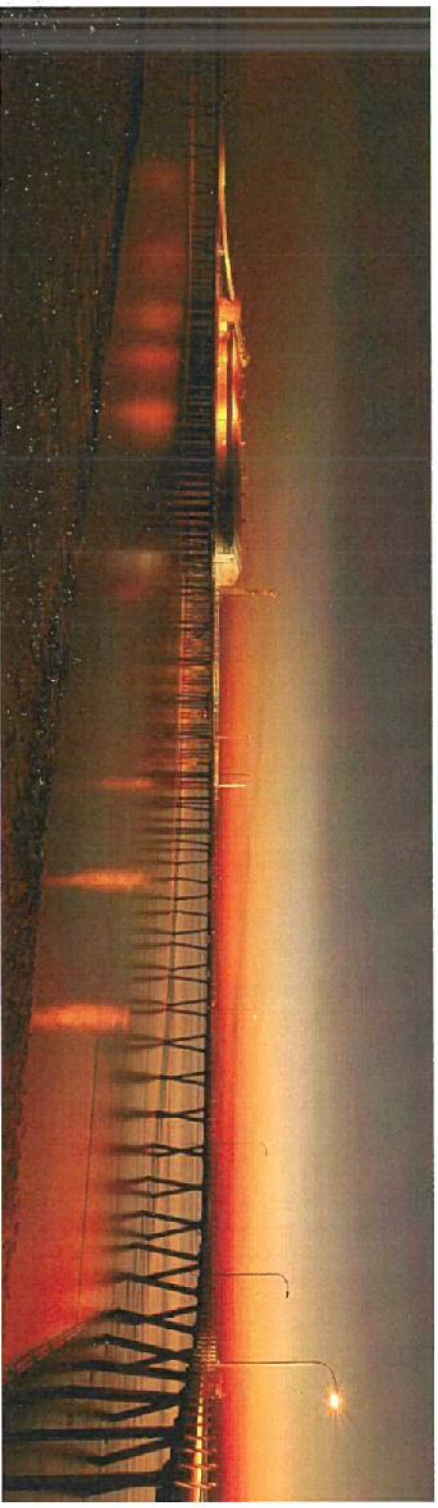
Disability Access Inclusion Plan

The Disability Access Plan underwent a full review and was adopted by Council at its Ordinary Council Meeting held 24 November 2016.

Under the Disability Services Act 1993, all Western Australian Local Governments are required to develop and implement a Disability Access and Inclusion Plan (DAIP), addressing seven desired outcomes, to be reviewed on an annual basis and reported on to the Disability Services Commission (DSC) by 31 July each year.

Council is required to report on our present activities as they relate to the seven desired DAIP outcomes.

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the relevant public authority.
3. People with disability receive information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the relevant public authority.
5. People with disability have the same opportunities as other people to make complaints to the relevant public authority.
6. People with disability have the same opportunities as other people to participate in any public consultation by the relevant public authority.
7. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.



CORPORATE SERVICES

Corporate Services continues to strive to maintain its excellent service to customers. With a philosophy of constant improvement and ongoing development of procedures and processes the officers continue to improve efficiencies and the ability to meet the needs of the community professionally and effectively.

Plan for the Future of the District

The Plan for the Future of the District is a requirement of the *Local Government Act 1995*. The plan sets out the Vision, Mission and Values the organisation intends to operate by when delivering services to the community and aligns its major projects and activities to those philosophies.

Annual Budget

The Annual Budget is required to be prepared each year and adopted by Council by 31 August. The 2016-17 financial year's budget was prepared and adopted by Council on 25 August 2016.

The budget also forms the basis for determining the level of Council's rates, which incurred an increase of 1.8% for the 2016-17 year. The discount rates system was again utilised offering a 2% discount on rates for those properties paying in full by the due date.

Training

As part of the Shire's Health and Wellbeing Program supported by the Shire's insurers LGLS, all staff were provide the following support and training.

In October all staff were able to attend a session on Mental Health for Staff while supervisors and managers were required to attend a session on Mental Health for Staff and Supervisors. October also saw Sun Safety sessions run for all staff with

the offer of skin cancer screening. To follow up in May flu shots were made available to all staff.

Records Management

The Shire of Derby/West Kimberley remains committed to accurate and compliant record keeping practices in accordance with best practice and complying with the relevant legislation, including the *State Records Act 2000*.

A comprehensive records management training program is delivered to all new staff in a one-on-one basis. The training includes an outline of employees' roles and responsibilities to ensure compliance with the Shire's record keeping obligations.

The next review of the Shire's Record Keeping Plan will need to be undertaken by March 2018.

Governance and Compliance

The annual Compliance Audit Return is required to be completed by Council by 31 March each year, for activities carried out in the previous calendar year 1 January to 31 December, to ascertain whether the Shire has complied with the requirements of the *Local Government Act 1995*, and its associated regulations. The process of completing and assessing the Shire for compliance against the Act is necessary, not only as a requirement of the Department of Local Government and Communities but for the Shire's own benefit to ensure it sets and maintains a high standard of compliance

The compliance audit report is a very useful tool in addressing statutory requirements and ensuring legislative compliance. Of the 87 points of compliance, the Shire was compliant in 86 of them.

A summary of the compliance areas are:

Commercial Enterprises by Local Governments	5
Delegation of Power/Duty	13
Disposal of Property	2
Disclosure of Interest	16
Elections	1
Finance	14
Local Government Employees	5
Official Conduct	6
Tenders for Providing Goods and Service	25
Total	87

Human Resources

The human resources department provides support to managers through the provision of policies, systems, services, programs and guidance on staffing practices that will enable quality staffing outcomes for the Shire. Human resources works in partnership with line managers and directors to provide a variety of services and advice such as: recruitment, induction, development and training of staff, performance appraisals, grievance resolution, underperformance, misconduct and disciplinary requirements, equal employment opportunity and

equity, health and wellbeing programs, worker's compensation, employee terminations, negotiation of enterprise employee agreements and resolution of employee disputes.

Recruitment

Recruitment was relatively quiet in 2016-17, with only 3 permanent or contract positions and 4 temporary positions advertised. This year saw the recruitment of 2 trainee environmental health field support officers for a period of 12 months. In addition the Shire recruited 12 casuals to provide cover at Derby pool, Derby youth centre, Derby library and assist with the Shire's school holiday program.

Workforce Plan and Demographics

The workforce plan is currently being revised as part of the overall integrated planning and reporting framework review.

Enterprise Agreements

The works staff negotiated a new agreement *Shire of Derby/West Kimberley Works Enterprise Agreement 2016* coming into effect 30 January 2017, maintaining CPI or 2.5% as a pay increase whichever is the greater. While negotiations are being undertaken with the indoor staff over the renewal of their enterprise agreement, receiving a similar increase to the works staff.

Payments to Employees

A requirement under section 19B of the *Local Government (Administration) Regulations* is that the annual report is to contain details of the number of employees of the local government entitled to an annual salary of \$100,000 or more in bands of \$10,000 for each band over \$100,000.

Salary Range	2016-17	Salary Range	2016-17
100,000 to 109,999	1	170,000 to 179,999	-
110,000 to 119,999	-	180,000 to 189,999	-
120,000 to 129,999	4	190,000 to 199,999	-
130,000 to 139,999	-	200,000 to 209,999	-
140,000 to 149,999	-	210,000 to 219,999	-
150,000 to 159,999	2	220,000 to 229,999	1
160,000 to 169,999	-	230,000 to 239,999	-

Transition Pathways Expo

The Shire again participated in the annual Transition Pathways Youth Expo organised by Derby District High School in August 2016. The event showcased training, employment and other support agencies to year 10, 11 and 12 students. The Shire provided support to this initiative by hosting an exhibit staff for students to visit and talk one on one with Shire employees about career paths. The Shire remains dedicated to supporting community events and assisting the future of our local youth.

Workplace Learning WPL

This year saw the Shire again support both Derby District and Fitzroy Valley High Schools workplace learning program, providing valuable work experience for 3 Derby youth and 1 for Fitzroy Crossing at the Derby Depot, Fitzroy Visitor Centre, Derby Pool and in Administration.

National Competition Policy – Compliance

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy. Local government is affected mainly where it operates significant business activities which compete, or could compete, with private sector businesses.

Local government is also affected where Local Laws unnecessarily affect competition.

The Shire is required to comply with certain policies contained within the National Competition Policy Statement and report on progress in connection with the National Competitive Neutrality Principles and review of Local Laws.

Each local government must report its progress in achieving National Competition Policy reforms in its annual report broadly under the following categories:

- ☐ Competitive Neutrality
- ☐ Legislation Review
- ☐ Structural Reform

Competitive Neutrality

This principle deals with ensuring that government business operations have no advantage or disadvantage in comparison with the private sector. The policy dictates that competitive neutrality should apply to all business activities which generate a user pays income of over \$200,000 unless it can be shown that it is not in the public interest. In this regard, no significant new business activities for the purposes of competitive neutrality were initiated or considered during the year and no non-compliance allegations were made.

Legislation Review

The Shire of Derby/West Kimberley did not promulgate any new legislation and as legislation is reviewed it will be done with the National Competition Policy in mind.

The *Local Government Act 1995* requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and ratepayers the opportunity to comment on any proposed changes, additions or deletions to the Shire's Local Laws.

Structural Reform

The Shire of Derby/West Kimberley did not undertake any structural reform during the 2016-17 financial year.

Register of Complaints

Section 5.121 of the *Local Government Act 1995* requires the complaints officer of the local government to maintain a register of complaints which records all complaints that result in an action under section 5.110 (6)(b) or (c).

For the purposes of section 5.53(2) (hb) of the *Local Government Act 1995* it is advised that the Shire of Derby/West Kimberley received zero (0) complaints during this period.

Freedom of Information

In accordance with section 96 and 97 of the *Freedom of Information Act 1992*, the Shire is required to publish an information statement that details the process for applying for information under the Act, as well as information that the Shire provides outside the Act. This document is reviewed annually and available from the Shire's administration office or website.

During 2016-17 the Shire received two Freedom of Information applications, which were both referred from third parties. The Act requires that all applications are responded to within 45 days of which the Shire is compliant with.

Public Interest Disclosure

In accordance with the requirements of the *Public Interest Disclosure Act 2003*, the Shire of Derby/West Kimberley has established procedures to facilitate the making of disclosures under the Act. These procedures set out the processes in respect to protected disclosures generally, to protect people from reprisal for making protected disclosures, and to provide guidance on investigations.

The Shire reviewed its document on rights and obligations under the *Public Interest Disclosures Act 2003* and the updated document is available on the Shire's website.

In the 2016-17 financial year, no disclosures relating to improper conduct were made to the Shire and therefore no disclosures were referred to the Ombudsman.

Register of Gifts

Changes in the *Local Government Act 1995* in March 2016 now require Elected Members and employees of the Shire to disclose any gift or contribution to travel received over \$200.00 in writing to the Chief Executive Officer within 10 days of receipt.

The Chief Executive Officer keeps a register of gifts which is made available on the Shire's website during the year. The register is also available for public inspection at the Shire's Administration building.

Fitzroy Crossing Visitor Centre

The Shire's office in Fitzroy Crossing is a central point of contact for Council services in Fitzroy Crossing including dog and cat registrations, rate and debtor payment facilities and development application lodgement.

This multi-purpose building is also home to the Fitzroy Crossing public library with over 500 items available for short term borrowing including books, DVD's, and magazines and internet access on a fee for time basis. This year the library has had the ability to offer to the community after school arts and crafts activities and adult craft sessions with the library accessible for borrowers after work hours, rhyme time for the littlies on Friday mornings, and many visits from surrounding schools incorporating the town library as part of their enquiry based learning curriculum.

June 2015 saw the Shire commence the provision of Department of Transport services to the community, opening two days a week the Shire is able to provide a regular and efficient service to Fitzroy Crossing and surrounding communities.

CONCLUSION

I have thoroughly enjoyed all that the Shire of Derby/West Kimberley has offered in the last twelve months and I am especially looking forward to the next twelve months and beyond with all the exciting development and growth the region can expect over the coming years.

I would like to take this opportunity to sincerely thank each and every member of the Corporate and Community Services Departments for their continued dedication, hard work and commitment, which has assisted the Shire in achieving the results of the 2016-17 year.

No organisation can function effectively and achieve its outcomes without quality staff. The Corporate Services Department at the Shire of Derby/West Kimberley is blessed to have a very dedicated and professional workforce.

By continuing to invest in training and rewarding staff the benefits accrued by such investment are returned tenfold in multi skilling, diversity and standard of workmanship as well as a quantum of output.

I look forward to another exciting year for the Shire of Derby/West Kimberley and express my sincere appreciation to all I have been involved with.

MARTIN CUTHBERT

**DIRECTOR CORPORATE AND
COMMUNITY SERVICES**

CORPORATE BUSINESS PLAN OVERVIEW

This Annual Report includes a comparison of achievements against the Corporate Business Plan. This overview is in addition to the detailed reports from managers, with a summary of notable achievements in 2016-17 provided, as well as reporting any variances and highlighting any areas that need review within the plan.

To analyse and communicate the comparison with the Corporate Business Plan the following symbols are used:

- ✓ Planned activity/project fully funded and completed in 2016-17
- ✓ Planned activity/project fully funded and partially completed in 2016-17 with carry over to 2017-18 budget
- ✗ Activity/project planned for completion in 2016-17 but not commenced or carried over in 2017-18 budget
- ✓ Activity/project not planned in 2016-17 but some activity brought forward into budget
- Ongoing activity/project with 2017-18 component funded in budget
- Ongoing activity/project with 2017-18 component not funded in budget
- Ongoing activity/project with 2017-18 component not fully funded in budget
- Activity/project not planned in 2017-18 but some activity brought forward into budget
- Planned activity/project for 2019 onwards
- Item flagged for review in the Corporate Business Plan

GOAL 1: COMMUNITY WELLBEING

A diverse, caring and safe community providing opportunities for all its people

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Accessible Health and Family Support Services that meet the needs of our Community	Advocate for medical and hospital services within the region	Meet regularly with the Health Board to gain knowledge of the current health needs of the community	✓	○	●	Maintained representation on District Health Advisory Committee
		Develop a Health and Well-Being Strategy				Completed in prior years
	Lobby Government agencies to address family support service priorities including safe houses in towns	Meet with Government representatives regularly to discuss the need for family support and safe houses	●	●	○	
	Work with private childcare providers to expand capacity of childcare and promote after school programs	Support childcare providers with documentation assistance to expand capacity	X	●	●	Council provided additional space to CSSU to allow expansion in the form of the community centre
Public and Environmental Health Protection	Provide food premises inspections	Inspect food premises regularly	✓	●	●	Required for compliance
	Provide public building inspections	Inspect public buildings on a regular basis	✓	●	●	Required for compliance
	Undertake food safety and public health promotion	Join with the Health Board to hold an annual information stall in the town centre	✓	○		Incorrect terminology (no Health Board). Joint programs with Public / Aboriginal Environmental Health and promotion at events such as Community expos.
	Develop and implement a community education program on infectious diseases and mosquito control measures	Join with the Health Board to hold an annual information stall in the town centre	✓	○		
		Distribute information regularly through the Shire newsletter on relevant health issues	✓	●	●	Warnings are advertised

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Access to Affordable Housing Options	Encourage affordable housing through town planning, zoning and land release	Regularly review the Town Planning Scheme	✓	●	●	Ongoing
		Encourage development of land through release of land as required	✓	●	●	Boab Estate stage 2 and Landcorp approvals progressed
	Work with the Department of Housing and private sector developers on progressing housing development	Meet with the Department of Housing to discuss the community housing needs	X	●	●	Council endorsed the DoH Transitional Housing Project, Derby for a minimum of 20 new dwellings to be constructed requiring Council support for density concessions
	Work with the Department of Housing on establishing a hostel in Derby for visiting families	Meet with the Department of Housing to discuss the community needs				Completed, Derby Aboriginal Short Stay Hostel opened in 2014/15
	Develop and implement a plan for Shire staff housing	Prepare and implement a Building Asset Management Plan for building and maintaining staff housing	X	●	●	Review of the 2012/13 plan to be undertaken
		Construct new staff housing	✓	●	○	New houses have been constructed in Woollybutt Cnr x 2, 6 units in Clarendon Street and 1 in Hanson St
An Inclusive and Participative Community	Develop and implement a Volunteer Support Strategy	Develop a Volunteer Support Strategy	X	○		Kimberley Zone initiative
		Implement a Volunteer Support Strategy	X	○		Kimberley Zone working on a regional study
	Actively promote and assist community groups and clubs	Club Development Officer Agreement with DSR	✓	●	●	Club Development Officer funding extended by DSR
		Promote sporting, recreation and leisure facilities and programs thru the email bulletin	✓	●	●	The SDWK has launched a new website and Facebook page in 2015/16 disseminating information to the community
	Lobby the Department of Transport and private providers for improved public transport	Meet with the Department of Transport representatives and private providers to discuss the public transport issues	○	○		

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Sport, Recreation and Leisure opportunities that support Community Health and Well-Being	Maintain and improve sporting and recreation facilities	Run a survey to ascertain the usage levels for all sporting and recreation facilities for prioritisation of maintenance	X	●	○	Part of community baseline exercise
		Develop and implement an Asset Management Plan for all sporting and recreation facilities	X	●	●	Commenced
	Promote sporting, recreation and leisure facilities and programs	Promote sporting, recreation and leisure facilities and programs through the email bulletin	X	●	●	The SDWK launched a new website and Facebook page in 2015/16 disseminating information to the community
		Implement a community calendar to promote all sporting, recreation and leisure activities	X	●	●	
	Develop and implement a Sport and Recreation Strategy	Develop a Sport and Recreation Strategy	✓	○	○	Strategy completed in August 2016. The strategy was completed by RFF Australia and involved extensive consultation with SDWK Clubs and Associations and community groups. The completed document was subjected to a community comment period prior to being endorsed by Council
		Implement a Sport and Recreation Strategy	✓	●	●	
	Develop and implement a Health and Well-Being Strategy	Develop a Health and Well-Being Strategy	X	●	○	To commence following community baselining data survey/process
		Implement a Health and Well-Being Strategy	X	●	●	

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Opportunities for Development and Participation of our Youth	Develop a Youth Services Strategy for Derby	Develop a Youth Services Strategy for Derby	✓	●	○	Kimberley Zone grant for regional approach awarded in 15/16, and supporting other strategies rather than re-inventing/duplicating. Zone Strategy adopted relevant areas being implemented
	Work with the Fitzroy Futures Youth Sub-Committee in the development and implementation of a Youth Strategy	Meet with the Fitzroy Futures Youth Sub Committee to develop a Youth Services Strategy	X	●	●	
	Support youth training and employment programs	Discuss youth issues with social work staff and health professionals	✓	●	●	Ongoing
		Meet with training and employment agencies to encourage the participation of local youth	✓	●	●	Youth Centre working with employment agencies
Quality of Life for the Aged and Disabled	Lobby for support services and infrastructure for the aged and disabled	Develop an Aged Care Strategy to identify and address the needs of the ageing community	X	●	○	Zone initiative
	Implement the Disability Access and Inclusion Plan	Implement the Disability Access and Inclusion Plan	✓	●	●	Revised Disability Access Inclusion Plan adopted November 2016
Access to Learning, Cultural and Arts opportunities that support Community Growth and Diversity	Provide library services and programs that help improve literacy and community engagement	Discuss available literacy programs with staff at the State Library of WA	X	●	●	Met With State Library CEO in August 2016. Ongoing programs
	Advocate to Federal, State and Independent schools to improve secondary education and relevant infrastructure	Form partnerships with education organisations to discuss secondary education improvements	X	●	●	
	Develop and implement a Culture and Arts Community Strategy	Develop a Culture and Arts Community Strategy	X	●	○	Working document developed by National Trust
		Implement a Culture and Arts Community Strategy	X	●	●	Kimberley Photographic Awards held during 2016-17.
	Promote and support community and cultural events	Develop an events calendar that is published in the Shire newsletter	X	●	●	Working with Visitors Centre. The SDWK has launched a new website and Facebook page disseminating information to the community

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
A Safe and Responsible Community	Develop and implement an Animal Management Plan	Develop an Animal Management Plan	X	●	○	Will incorporate review of Local Laws and evaluation of Cat Act in 2017/18
		Implement an Animal Management Plan	X	●	●	Commence once Animal Management Plan completed
	Support an interagency approach to crime reduction planning and programs	Arrange regular contact with law enforcement agencies to discuss crime prevention and planning programs	✓	●	●	Through interagency forum. Crime prevention planning done in 2014/15
	Develop a Strategy to prevent future glass problems and deal with existing removal of glass	Develop a strategy to reduce the prevalence of glass problems within the Shire	X	●	○	Brought forward magnitude of issue
	Advocate for appropriate lighting in streets and public places	Arrange regular contact with Government agencies to discuss lighting in streets and public places	✓	●	●	
	Develop and implement an Emergency Management and Recovery Plan	Develop an Emergency Management and Recovery Plan	✓	●	●	Needs to be shown as recurring in future years
		Implement an Emergency Management and Recovery Plan	X	●	●	Plan implement and updated on an annual basis ahead of wet/cyclone season
	Lobby for reinstatement and improvement of FESA administered Western Australian Natural Disaster Relief Arrangements (WANDRRA)	Discuss natural disaster relief and management with FESA representatives	✓	●	○	Some discussions have been had, however role now sits with Department of Premier and Cabinet
		Send correspondence to local politicians to advocate the reinstatement of WANDRRA	✓	●	○	

GOAL 2: A BALANCE BETWEEN THE NATURAL AND BUILT ENVIRONMENTS						
Sustainable natural and built environments that meet the needs of the community and support future growth						
Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Appropriate Development that Enhances the Unique Character and Heritage of the Shire's Townships	Review, update and implement the Shire's Local Planning Strategy	Review and update the Shire's Local Planning Strategy	✓	●	○	
		Implement the Shire's Local Planning Strategy	X	●	●	New Local Planning Scheme No.8 under preparation which is informed by the LPS currently under preparation
	Develop and implement a Subdivision Strategy and Guidelines	Develop a Subdivision Strategy and Guidelines	X	●	○	Commenced by aligning IPWEA guidelines
		Implement a Subdivision Strategy and Guidelines	X	●	●	
	Provide supportive planning and development guidance and liaison on major land developments	Engage professional planning staff or consultants to continually provide assessments of development and building applications	✓	●	●	Ongoing
	Ensure quality, consistent and responsive development and building assessment approval processes and enforcement	Develop policies and processes that support effective and timely assessment of development and building applications	✓	●	●	Legislated time frames apply to building applications
	Actively work with other Government bodies on state, regional planning and development issues	Meet regularly with State and Federal Government agencies to discuss planning matters.	✓	●	●	Regular monthly meetings held with Senior Staff from the Kimberley DoP office Broome
	Support the conservation and maintenance of heritage buildings, heritage items and places of interest	Work with private owners of heritage buildings and places to establish a Local Heritage Register	✓	●	●	Heritage Advisor engaged 2016-17. Joint funding Heritage Council WA

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Attractive Streetscapes, Open Spaces, Parks and Gardens	Manage and maintain the Shire's parks, gardens and open spaces at appropriate standards	Continue with the maintenance program of the Shire's parks, gardens and open spaces	✓	●	●	Ongoing. Documented levels of service to be developed and implemented
	Develop and implement a Streetscape Policy and Strategy to encourage the involvement of local businesses	Develop a Streetscape Policy and Strategy to encourage the involvement of local businesses	X	●	●	Planning for and implementation of the Clarendon Street Enhancement Project completed.
		Implement a Streetscape Policy and Strategy to encourage the involvement of local businesses	X	●	●	Project was informed by a Community Reference Group to encourage participation and ownership of the project by the community
	Develop and implement a Parks and Reserves Strategy	Develop a Parks and Reserves Strategy	X	●	●	Commenced for specific reserves
		Implement a Parks and Reserves Strategy	X	●	●	
Reliable and Safe Transport Infrastructure	Develop a Road Maintenance and Upgrading Strategy	Develop a Road Maintenance and Upgrading Strategy	✓	○	●	Asset management condition assessment review has been completed.
		Implement a Road Maintenance and Upgrading Strategy	X	●	●	Unsealed road maintenance strategy has been developed and is being implemented
	Lobby the Department of Main Roads on highway safety	Communicate regularly with MRWA to discuss community concerns on highway safety	✓	●	●	Regular meetings held with MRWA personnel via RoadWise and Regional Road Group committees, as well as regularly working together on issues such as carrying out joint road inspections and completing road safety audits
	Develop and implement a Strategy for road kerbing, footpaths, drainage, signage and lighting	Develop a Strategy for road kerbing, footpaths, drainage, signage and lighting	X	●	●	Surveys have been conducted and information being collated to inform strategy
		Implement a Strategy for road kerbing, footpaths, drainage, signage and lighting	X	●	●	

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Reliable and Safe Transport Infrastructure Cont.	Investigate and progress development opportunities for the Derby Airport	Collate usage information for the Derby Airport	✓	●	●	
		Engage a professional to investigate the development opportunities for the Derby Airport	✓	○		Successful submission to National Stronger Regions Fund The total funding amount is for \$5,099,165 + GST with the Shire committing to fund \$2,931,639.80 + GST totalling \$8,030,802.
	Maintain Wharves and lobby for funding	Adequately maintain all Wharves to ensure safety of users	X	●	●	Ongoing. Parts of Wharf closed to public to ensure safety/compliance
		Investigate funding opportunities for improvement of Wharves	✓	●	●	
	Establish break up bay areas for road trains in Derby and Fitzroy Crossing	Discuss the appropriate options with road users and MRWA to ascertain locations for a road train break up bay in Derby and Fitzroy Crossing	✓	○		Bay completed in Derby Bay, opened 2014/15
Shire Buildings and Facilities that meet Community needs	Ensure Shire buildings, facilities and public amenities are provided and maintained to an appropriate standard	Implement Asset Management Plans for all Shire assets	X	●	●	Asset Management Plans were implemented in 2013 and are due for review
	Develop new buildings and facilities in accordance with asset management principles and based on a planned and prioritised approach	Renew and construct buildings and facilities as recommended in the Shire Asset Management Plans	X	○	●	

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Assets and Infrastructure Managed over the Long Term to Meet Current and Future Needs	Develop and implement Long-Term Asset Management Plans for all Shire assets, having regard for current and future asset needs and the Shire's Long-Term Financial Plan	Implement Asset Management Plans for all Shire assets	X	●	●	Asset Management Plans were Implemented in 2013 and are due for review
		Renew assets in line with Asset Management Plans	X	●	●	
	Maintain effective liaison with other levels of Government and regional bodies to ensure coordinated provision of regional infrastructure	Meet regularly with Government and regional bodies to discuss regional issues and infrastructure requirements	✓	●	●	
		Maintain monthly contact and advocacy role with State and Federal MP's	✓	●	●	
Protection of the Natural Environment	Provide effective management and maintenance of the Shire's land and reserves	Continue with the maintenance program for the Shire reserves at the current level and frequency	✓	●	●	
	Support the management of feral animals	Identify the prevalence of feral animals within the Shire	X	●	●	Some work has been undertaken around feral dog management however a plan has not been implemented. Discussions have been undertaken with the Department of Food and Agriculture
		Implement a Feral Animal Management Plan	X	●	●	
	Develop and implement a Weed Management Strategy on Shire roads and other reserves	Develop a Weed Management Strategy on Shire roads and other reserves	X	●	●	Currently being developed
		Implement a Weed Management Strategy on Shire roads and other reserves	X	●	●	
	Promote and support community based environmental initiatives	Encourage and facilitate community contribution to environmental protection	X	●	●	Shire representation on landcare committee needs review and reinvigoration
		Ensure environmentally sustainable development practices are implemented	X	●	●	

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Access to Renewable Energy Options	Investigate alternative energy sources for Shire facilities	Investigate and lobby for effective implementation of renewable energy sources and resources management practices	X	O		Could be included as part of the asset management plans for a particular building
	Provide lobbying and support for alternative energy sources and reinvestigate tidal power	Investigate and lobby for effective implementation of renewable energy sources and resources management practices	✓	O		
Integrated Waste Management	Develop and implement a Waste Management Strategy	Develop and implement a Waste Management Plan	✓	●	●	Kimberley Regional Waste Management Plan developed and commenced implementation in November 2013
	Manage rubbish collection and disposal services for the Shire's towns	Develop and implement a Waste Management Plan	✓	●	●	Kimberley Regional Waste Management Plan developed and commenced implementation in November 2013
	Investigate and implement a regional approach to waste recycling	Identify opportunities for the Shire to develop as a Regional Centre of Excellence in waste management and recycling	X	●	●	Currently with the Kimberley Zone
	Investigate the establishment of new waste facility sites	Investigate possible sites for the relocation of waste management sites	X	●	●	Fitzroy Crossing Waste Management Facility expanded to neighbouring lot to provide an estimated additional 40 years of disposal capacity

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Efficient Use and Management of Water Resources	Develop and implement a Water Management Strategy for the Shire	Investigate and lobby for effective implementation of renewable energy sources and resource management practices	X	●	●	
		Develop a Water Management Strategy for the Shire	X	●	●	Ongoing
		Implement a Water Management Strategy for the Shire	X	●	●	
	Promote effective water management practices	Investigate and lobby for effective implementation of renewable energy sources and resource management practices	X	●	●	
	Support a coordinated approach to local and regional water resources management	Investigate and lobby for effective implementation of renewable energy sources and resource management practices	✓	●	●	
Safe and Effective Disposal of Wastewater	Develop wastewater ponds in Fitzroy Crossing and Derby	Have Council representation in regional forums, and regularly attend the meetings	X	●	●	Plans have been developed but stalled due to a lack of funding
	Lobby the State Government for funding to install more deep sewerage in townships	Have Council representation in regional forums, and regularly attend the meetings	✓	●	●	Ongoing when the opportunity presents itself to request funding or expansions of deep sewage
	Investigate waste water re-use	Conduct a feasibility study on waste water re-use within the Shire	✓	●	●	Ongoing

GOAL 3: A STRONG AND DIVERSE LOCAL ECONOMY

A strong local economy that is supported by a broad industry base with opportunities for business development and employment

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Local Business Development and Employment Opportunities	Support the Chamber of Commerce and Small Business Centre to encourage business development	Develop processes that support business networks and development	✓	●	●	
	Lobby for employment opportunities	Work with local industry, Government instrumentalities and educators to prepare an annual overview of job opportunities	✓	●	●	
	Lobby State Government for apprentice/trainee opportunities	Have Council representation in regional forum, and regularly attend the meetings	✓	●	●	Lobbying ongoing, however unable to attend Kimberley Workforce Development Alliance meetings due to ongoing clash with Council obligations
A Strong and Diverse Industry Base providing Community Benefits	Undertake community impact and opportunity analysis of major mining, oil and gas ventures	Investigate strategies to encourage local business and industry to contribute to the local community	✓	●	●	Sponsorship of events sought. Discussions commenced re buy local approach with CCI
		Analyse the current impact on the community of the major mining, oil and gas ventures	✓	●	●	Briefings/Info received by DMP, DSD, KDC, industry and real estate. Economic and social impact not conducted yet. Needs review to allocate appropriate resources
	Investigate major joint ventures through a Business and Community Benefits Plan	Implement a Business and Community Benefits Plan including investigation of major joint ventures	✓	●	●	Review of JV process/ability under LG Act undertaken. Need to review/reword to be a guide for operators/investors for community support opportunities
	Investigate agricultural or primary industry diversification opportunities	Review all agricultural and primary industry diversification within the Shire	✓	●	●	As part of Government reviews

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
A Vibrant and Strong Tourism Industry	Support and promote local and regional tourism through the Fitzroy Crossing and Derby Visitor Centres and Australia's North West Tourism organisation	Develop a Communication Strategy to formalise partnership between the Shire, local business, State Government and other regional tourism organisations	X	●	●	Aligned with ANW. Introduced concept of Shire wide approach, to be progressed 2017/18
	Lobby State Government on behalf of the local tourism industry for infrastructure, services and funding	Have Council representation in regional forums, and regularly attend the meetings	✓	●	●	Ongoing
	Develop and implement a Tourist Trail Masterplan	Develop a Tourist Trail Master Plan	X	●	○	Commenced, but needs to align with heritage trail funding process. To continue in 2017/18. Derby heritage marker project completed in 2016/17
		Implement a Tourist Trail Master Plan	X	●	●	
	Investigate a Mangrove Boardwalk at Derby	Investigate location and costing to construct a Mangrove Boardwalk at Derby	X	●	●	Will align with port development consideration
Appropriate Infrastructure that supports Economic Development	Promote release of serviced industrial, commercial and residential land	Facilitate the provision of industrial, commercial and residential land to support growth	X	●	●	
	Advocate for improved provision of utility services across the region	Have Council representation in regional forums, and regularly attend the meetings	✓	●	●	
	Advocate for improved telecommunications infrastructure in the region	Have Council representation in regional forums, and regularly attend the meetings	✓	●	●	Community supported lobbying for immediate ADSL upgrade
	Advocate for the Point Torment Port Development	Have Council representation in regional forums, and regularly attend the meetings	X	○		While advocating for Point Torment as the ultimate 10+ year goal, Government and industry have advised need to focus on Derby Wharf to provide lower cost option to prove demand first. Strategy needs review

GOAL 4: GOOD GOVERNANCE AND AN EFFECTIVE ORGANISATION

Leadership that provides strategic direction for the community, supported by efficient and effective service delivery

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Effective Governance and Leadership	Provide leadership in balancing the needs of the community, Government, industry and the environment	Offer a high level of Councillor induction, training and knowledge	✓	●	●	Next election to be held October 2017
		Implement a Community and Stakeholder Engagement Policy	X	●	●	
	Support strategic alliances, stakeholder forums and advisory committees that assist the Shire in policy development and service planning	Have Council representation on community and advisory committees	✓	●	●	
	Strengthen the governance role of Councillors by informing, resourcing, skilling and supporting their role	Maintain a high level of Councillor induction, training and knowledge	✓	●	●	
	Ensure governance policies and procedures are in accordance with legislative requirements	Conduct a regular internal audit to ensure full compliance	✓	●	●	

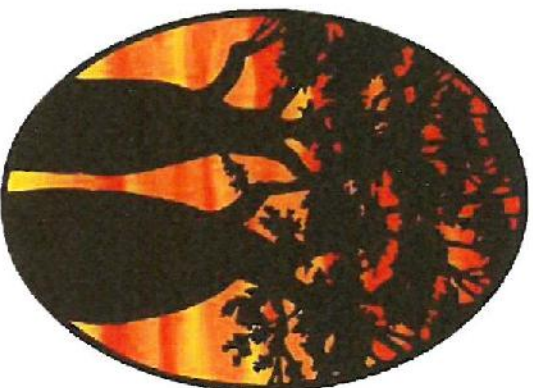
Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Effective Governance and Leadership Cont.	Encourage community participation in Local Government Elections	Advertise Local Government Elections in the lead up to encourage community participation	✓	●	●	Held every two years, next election to be held October 2017
		Provide information on the role of a Councillor prior to nomination dates	✓	●	●	As per LG guidelines
	Negotiate with all native title groups to consult and establish appropriate Indigenous Land Use Agreement's and Memorandums Of Understanding	Formalise a partnership with native title groups to establish Indigenous Land Use Agreements and Memorandum of Understanding	✓	○		Need to review as this is ongoing
	Lobby the State Government for full funding for municipal services and associated infrastructure in Aboriginal Communities	Meet regularly with State Government agencies to discuss the service and infrastructure requirements of the community	✓	●	●	
	Develop and maintain Risk Management Policies and Procedures	Develop and maintain Risk Management Policies and Procedures	✓	●	●	Risk Management Policy adopted by the Compliance and Strategic Review Committee December 2016
Effective Engagement with the Community and Stakeholders	Develop a Community Engagement and Communication Strategy	Develop a Community Engagement and Communication Strategy	X	●	●	
	Work cooperatively with other Kimberley Shires and support the Regional Governance Group	Facilitate and develop strong relationships and partnerships with the community and with other organisations	✓	●	●	
	Represent and promote the Shire at appropriate regional, State and Federal forums	Have Council representation in regional forums, and regularly attend meetings	✓	●	●	

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Accessible and Effective Customer Services and Information Systems	Provide and promote responsive customer services	Implement a Customer Service Charter to ensure that excellent customer service is provided	✓	●	●	Draft commenced. Part of 2017/18 full policy review
	Ensure effective integration and management of information and communication technology systems	Review use of the IT systems to ensure the most effective systems are available	✓	●	●	IT services been contracted to Managed IT
	Ensure the records management system is managed effectively and efficiently	Provide training to all staff on the appropriate use of the records management system	✓	●	●	Provided as part of employee induction
		Implement a procedure for the correct use of the records management system	✓	●	●	Ongoing nature needs to be reflected
Financial Sustainability and Accountability for Performance	Develop, implement and maintain Strategic, Corporate and Workforce Plans	Develop, implement and maintain Strategic, Corporate and Workforce Plans	✓	●	●	To be reviewed
	Develop, implement and maintain Long Term Financial Plans	Develop, implement and maintain Long-Term Financial Plans	✓	●	●	To be reviewed
	Actively pursue alternative sources of income to fund the Shire's services and infrastructure	Constantly investigate funding options for all Shire services and infrastructure	✓	●	●	Ongoing
	Provide resources to support the Shire's operations and to meet planning, reporting and accountability requirements	Provide adequate resources within the Municipal Budget to provide appropriate levels of planning, reporting and accountability	✓	●	●	
	Develop, maintain and monitor Rating and Property Strategies	Develop a Rating and Property Strategy	X	●	●	
		Monitor rating method in comparison to trends with other local government areas	✓	●	●	

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Skilled, Committed and Professional Staff in a Supportive Environment	Maintain and develop human resource management policies, procedures and systems for current and future workforce needs	Review the Human Resource Management Policy annually	X	●	●	Review commenced. For finalisation 2017-18. Need to reflect ongoing requirement
		Implement human resource management recommendations as outlined in the Workforce Plan	X	●	●	
	Provide opportunities for the training and development of the Shire's employees	Facilitate appropriate training for staff through the development of a staff training plan	X	●	●	Training done based on employee and area need but not yet part of coordinated training and development plan
	Ensure safe work practices through implementation of appropriate occupational, health, safety and welfare practices	Appoint an Occupational Health, Safety and Welfare staff representative	✓	●	●	Staff turnover impacted OSH Committee but representatives trained
		Regularly review all work practices for safe work compliance	✓	●	●	Hazards managed through day to day operations but audits and effectiveness not yet a systematic process
	Review, amend and implement staff attraction and retention initiatives	Implement the recommendations made within the Workforce Plan	X	●	●	Council requested review by CEO before implementation of aspects of plan
		Conduct an annual review of staff attraction and retention initiatives	X	●	●	Part of Workforce Plan review

Desired Outcome	Strategy	Action	2016-17	2017-18	2019 onwards	Notes (Achievements in 2016-17, Variance from Budget, or Significant Planned Activity in 2017-18)
Skilled, Committed and Professional Staff in a Supportive Environment Cont.	Review office accommodation plans and the options for funding and implementation	Investigate funding options for the implementation of office accommodation plans	X	●	●	Ongoing. Impacted by Transport Licensing Services commenced in 2014/15
		Build new administration office	X	●	○	Not Funded in Budget given Wharf/Airport economic development priorities and ceasing of CLGF
	Promote cohesiveness and teamwork across the organisation	Conduct an annual staff development activity	✓	●	●	No single 'activity' but whole of staff meetings conducted
		Communicate strategic objectives	✓	●	●	Ongoing

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SHIRE OF DERBY/WEST KIMBERLEY

ANNUAL FINANCIAL STATEMENTS 2016-2017

Prepared by Moore Stephens (WA) Pty Ltd on behalf of the Shire of Derby West Kimberley

Adopted at the Ordinary Meeting of Council held 14 December 2017

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SHIRE OF DERBY WEST KIMBERLEY

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:

30 Loch Street
Derby WA6728

SHIRE OF DERBY WEST KIMBERLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30th June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

14th

day of

December

2017



Stephen Gash
Chief Executive Officer

SHIRE OF DERBY WEST KIMBERLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017	2017	2016
		\$	Budget	\$
Revenue				
Rates	21	6,793,582	6,768,845	6,703,075
Operating grants, subsidies and contributions	28	9,362,086	6,452,500	5,357,231
Fees and charges	27	2,583,861	3,421,200	5,743,712
Interest earnings	2(a)	311,120	312,000	334,451
Other revenue	2(a)	1,858,052	1,971,255	1,177,595
		20,908,701	18,925,800	19,316,064
Expenses				
Employee costs		(7,166,457)	(7,255,300)	(8,027,243)
Materials and contracts		(8,687,297)	(9,554,600)	(10,066,529)
Utility charges		(805,002)	(1,092,900)	(1,167,838)
Depreciation on non-current assets	2(a)	(9,053,918)	(7,386,600)	(9,049,744)
Interest expenses	2(a)	(133,789)	(159,100)	(127,647)
Insurance expenses		(903,388)	(793,500)	(816,616)
Other expenditure		(1,373,475)	(509,600)	(708,301)
		(28,123,326)	(26,751,600)	(29,963,918)
		(7,214,625)	(7,825,800)	(10,647,854)
Non-operating grants, subsidies and contributions	28	2,673,608	2,610,300	3,823,536
Profit on asset disposals	19	3,000	0	0
(Loss) on asset disposals	19	(149,356)	0	(337,263)
Net result		(4,687,373)	(5,215,500)	(7,161,581)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(15,966,196)	0	(191,171)
Total other comprehensive income		(15,966,196)	0	(191,171)
Total comprehensive income		(20,653,569)	(5,215,500)	(7,352,752)

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

SHIRE OF DERBY WEST KIMBERLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017	2017	2016
		\$	Budget	\$
			\$	
Revenue	2(a)			
Governance		109,352	720,300	710,120
General purpose funding		13,683,223	11,393,800	9,012,502
Law, order, public safety		65,942	39,100	43,487
Health		532,191	550,200	551,182
Education and welfare		559,470	416,500	415,482
Housing		18,519	39,800	47,243
Community amenities		1,761,592	1,923,500	1,928,888
Recreation and culture		713,762	466,100	664,430
Transport		2,852,659	2,994,800	3,732,083
Economic services		257,472	285,900	302,015
Other property and services		354,519	95,800	1,908,632
		<u>20,908,701</u>	<u>18,925,800</u>	<u>19,316,064</u>
Expenses	2(a)			
Governance		(1,299,800)	(329,100)	(1,309,251)
General purpose funding		(737,982)	(2,010,100)	(440,180)
Law, order, public safety		(432,731)	(418,600)	(440,434)
Health		(737,599)	(917,900)	(975,723)
Education and welfare		(782,700)	(733,400)	(764,740)
Housing		(225,277)	(242,700)	(553,965)
Community amenities		(4,025,238)	(3,762,100)	(3,733,125)
Recreation and culture		(4,221,281)	(4,694,900)	(4,458,954)
Transport		(12,721,151)	(11,505,700)	(14,144,679)
Economic services		(1,208,476)	(1,168,100)	(922,236)
Other property and services		(1,597,302)	(809,900)	(2,092,984)
		<u>(27,989,537)</u>	<u>(26,592,500)</u>	<u>(29,836,271)</u>
Finance costs	2(a)			
Housing		(86,869)	(77,100)	(77,541)
Recreation and culture		(6,929)	(3,800)	(7,553)
Transport		(20,751)	(58,700)	(22,541)
Economic services		(19,240)	(19,500)	(20,012)
		<u>(133,789)</u>	<u>(159,100)</u>	<u>(127,647)</u>
		<u>(7,214,625)</u>	<u>(7,825,800)</u>	<u>(10,647,854)</u>
Non-operating grants, subsidies and contributions	28	2,673,608	2,610,300	3,823,536
Profit on disposal of assets	19	3,000	0	0
(Loss) on disposal of assets	19	(149,356)	0	(337,263)
Net result		<u>(4,687,373)</u>	<u>(5,215,500)</u>	<u>(7,161,581)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(15,966,196)	0	(191,171)
Total other comprehensive income		<u>(15,966,196)</u>	<u>0</u>	<u>(191,171)</u>
Total comprehensive income		<u>(20,653,569)</u>	<u>(5,215,500)</u>	<u>(7,352,752)</u>

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

SHIRE OF DERBY WEST KIMBERLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,702,964	6,952,695
Trade and other receivables	4	1,852,169	3,081,794
Inventories	5	116,553	103,305
TOTAL CURRENT ASSETS		<u>7,671,686</u>	<u>10,037,794</u>
NON-CURRENT ASSETS			
Other receivables	4	37,994	37,994
Property, plant and equipment	6	35,323,222	47,871,615
Infrastructure	7	136,427,036	143,681,025
TOTAL NON-CURRENT ASSETS		<u>171,788,252</u>	<u>191,590,634</u>
TOTAL ASSETS		<u>179,459,938</u>	<u>201,628,428</u>
CURRENT LIABILITIES			
Trade and other payables	8	2,393,662	3,777,126
Current portion of long term borrowings	9	141,083	133,267
Provisions	10	971,092	975,745
TOTAL CURRENT LIABILITIES		<u>3,505,837</u>	<u>4,886,138</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,882,179	2,023,261
Provisions	10	138,109	131,647
TOTAL NON-CURRENT LIABILITIES		<u>2,020,288</u>	<u>2,154,908</u>
TOTAL LIABILITIES		<u>5,526,125</u>	<u>7,041,046</u>
NET ASSETS		<u>173,933,813</u>	<u>194,587,382</u>
EQUITY			
Retained surplus		71,396,585	74,955,851
Reserves - cash backed	10	1,700,652	2,828,759
Revaluation surplus	11	100,836,576	116,802,772
TOTAL EQUITY		<u>173,933,813</u>	<u>194,587,382</u>

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

**SHIRE OF DERBY WEST KIMBERLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		81,164,774	3,781,417	116,993,943	201,940,134
Comprehensive income					
Net result		(7,161,581)	0	0	(7,161,581)
Changes on revaluation of assets	11	0	0	(191,171)	(191,171)
Total comprehensive income		(7,161,581)	0	(191,171)	(7,352,752)
Transfers from/(to) reserves		952,658	(952,658)	0	0
Balance as at 30 June 2016		74,955,851	2,828,759	116,802,772	194,587,382
Comprehensive income					
Net result		(4,687,373)	0	0	(4,687,373)
Changes on revaluation of assets	11	0	0	(15,966,196)	(15,966,196)
Total comprehensive income		(4,687,373)	0	(15,966,196)	(20,653,569)
Transfers from/(to) reserves		1,128,107	(1,128,107)	0	0
Balance as at 30 June 2017		71,396,585	1,700,652	100,836,576	173,933,813

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

SHIRE OF DERBY WEST KIMBERLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017	2017	2016
		Actual	Budget	Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		6,808,020	6,959,500	6,160,331
Operating grants, subsidies and contributions		10,390,070	7,372,800	5,118,972
Fees and charges		2,632,105	3,348,100	5,743,712
Interest earnings		311,120	312,000	334,451
Goods and services tax		0	284,300	1,355,392
Other revenue		1,858,052	1,124,100	1,542,625
		21,999,367	19,400,800	20,255,483
Payments				
Employee costs		(7,202,191)	(7,280,200)	(7,892,536)
Materials and contracts		(11,190,801)	(11,885,200)	(10,258,123)
Utility charges		(805,002)	(943,400)	(1,167,838)
Interest expenses		1,010,546	(127,800)	(141,792)
Insurance expenses		(903,388)	(797,200)	(816,616)
Goods and services tax		138,959	(284,300)	(1,563,659)
Other expenditure		(1,373,475)	(725,600)	(708,301)
		(20,325,352)	(22,043,700)	(22,548,865)
Net cash provided by (used in) operating activities	12(b)	1,674,015	(2,642,900)	(2,293,382)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,442,103)	(1,209,300)	(2,869,328)
Payments for construction of infrastructure		(3,938,349)	(11,659,600)	(2,624,276)
Non-operating grants, subsidies and contributions		2,673,608	2,610,300	3,823,536
Proceeds from sale of fixed assets		16,364	212,000	5,300
Net cash provided by (used in) investment activities		(2,690,480)	(10,046,600)	(1,664,768)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(133,266)	(147,700)	(130,913)
Proceeds from new debentures		0	7,000,000	0
Net cash provided by (used in) financing activities		(133,266)	6,852,300	(130,913)
Net increase (decrease) in cash held		(1,149,731)	(5,837,200)	(4,089,063)
Cash at beginning of year		6,852,695	7,287,813	10,941,758
Cash and cash equivalents at the end of the year	12(a)	5,702,964	1,450,613	6,852,695

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

SHIRE OF DERBY WEST KIMBERLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		<u>2,456,164</u> 2,456,164	<u>1,188,600</u> 1,188,600	<u>4,835,523</u> 4,835,523
Revenue from operating activities (excluding rates)				
Governance		109,352	720,300	710,120
General purpose funding		8,889,641	4,624,955	2,309,427
Law, order, public safety		65,942	39,100	43,487
Health		532,191	550,200	551,182
Education and welfare		559,470	416,500	415,482
Housing		18,519	39,800	47,243
Community amenities		1,761,592	1,923,500	1,928,888
Recreation and culture		713,762	466,100	684,430
Transport		2,852,659	2,994,800	3,732,083
Economic services		257,472	285,900	302,015
Other property and services		357,519	95,800	1,908,632
		<u>14,118,119</u>	<u>12,156,955</u>	<u>12,612,989</u>
Expenditure from operating activities				
Governance		(1,299,800)	(329,100)	(1,379,810)
General purpose funding		(737,982)	(2,010,100)	(440,180)
Law, order, public safety		(437,681)	(418,600)	(440,434)
Health		(737,599)	(917,900)	(993,448)
Education and welfare		(792,750)	(733,400)	(765,731)
Housing		(394,646)	(319,800)	(631,506)
Community amenities		(4,025,238)	(3,762,100)	(3,733,209)
Recreation and culture		(4,228,210)	(4,698,700)	(4,547,304)
Transport		(12,741,902)	(10,153,700)	(14,190,536)
Economic services		(1,227,716)	(1,187,600)	(942,248)
Other property and services		(1,649,158)	(809,900)	(2,236,775)
		<u>(28,272,682)</u>	<u>(25,340,900)</u>	<u>(30,301,181)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	19	(3,000)	0	0
Loss on disposal of assets	19	149,356	0	337,263
Movement in employee benefit provisions (non-current)		6,462	0	61,774
Depreciation and amortisation on assets	2(a)	9,053,918	7,386,600	9,049,744
Amount attributable to operating activities		<u>(2,491,663)</u>	<u>(4,608,745)</u>	<u>(3,403,888)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,673,608	2,610,300	3,823,536
Proceeds from disposal of assets	19	16,364	212,000	5,300
Purchase of property, plant and equipment	6(b)	(1,442,103)	(1,209,300)	(2,869,328)
Purchase and construction of infrastructure	7(b)	(3,938,349)	(11,659,600)	(2,624,276)
Amount attributable to investing activities		<u>(2,690,480)</u>	<u>(10,046,600)</u>	<u>(1,664,768)</u>
FINANCING ACTIVITIES				
Repayment of debentures	20(a)	(133,266)	(147,700)	(130,913)
Proceeds from new debentures	20(a)	0	7,000,000	0
Transfers to reserves (restricted assets)	10	(641,403)	(196,400)	(88,701)
Transfers from reserves (restricted assets)	10	1,769,510	1,230,600	1,041,359
Amount attributable to financing activities		<u>994,841</u>	<u>7,886,500</u>	<u>821,745</u>
Surplus/(deficiency) before general rates		<u>(4,187,302)</u>	<u>(6,768,845)</u>	<u>(4,246,911)</u>
Total amount raised from general rates	21	<u>6,793,582</u>	<u>6,768,845</u>	<u>6,703,075</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	22	<u>2,606,280</u>	<u>0</u>	<u>2,456,164</u>

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

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the 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

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 values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 18 to these financial statements.

(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) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(d) Inventories

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.

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

(e) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of 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.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual assets' 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.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

	Depn Rate	Useful Life
Buildings	2%	50 years
Furniture and fittings	10%	10 years
Equipment	10% - 33.3%	3 to 10 years
Plant	10% - 20%	5 to 10 years
Motor vehicles	25%	4 years
Painting and sculptures	1%	100 years
Drainage	2%	50 years
Parks and ovals	5%	20 years
Footpaths	2%	50 years
Bridges	2%	50 years
Roads	2.5% - 5%	20 to 40 years
Other infrastructure	2% - 5%	20 to 50 years

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

An 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 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 DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

Fair value hierarchy

AASB 13 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.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (Continued)

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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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 the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) 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.

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) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(i) 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 normally paid within 30 days of recognition.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

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. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits 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.

(k) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(l) 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.

(m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(o) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(n) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 15.

(p) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(q) 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.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(s) Rounding Off Figures

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

(t) 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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(u) 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.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

(w) Adoption of New and Revised Accounting Standards

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

<p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p>	<p>The objective of this Standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES

	2017	2016
	\$	\$

(a) Net Result

The Net result includes:

(i) Charging as an expense:

Auditors remuneration

- Audit of the Annual Financial Report	85,355	34,021
- Audit fees associated with grant acquittals	20,950	2,300
- Other Services	0	3,396

Depreciation

Buildings	917,671	1,210,266
Furniture and equipment	3,445	11,203
Plant and equipment	453,753	519,420
Computer equipment	42,249	101,717
Infrastructure - Roads	5,367,104	5,260,969
Infrastructure - Footpaths	142,711	142,711
Infrastructure - Drainage	691,694	686,696
Infrastructure - Airports	803,625	804,125
Infrastructure - Derby wharf and precinct	45,326	45,326
Infrastructure - Street furniture	10,006	10,006
Infrastructure - Buildings and structures	358,035	0
Infrastructure - Land, parks and reserves	218,299	257,305
	<u>9,053,918</u>	<u>9,049,744</u>

Interest expenses (finance costs)

Debentures (refer Note 20 (a))

Rental charges

- Operating leases

	133,789	127,647
	<u>133,789</u>	<u>127,647</u>
	5,691	5,775
	<u>5,691</u>	<u>5,775</u>

(ii) Crediting as revenue:

Other revenue

Reimbursements and recoveries

Other

	752,591	236,123
	1,105,461	941,472
	<u>1,858,052</u>	<u>1,177,595</u>

Interest earnings

- Reserve funds

- Other funds

Other interest revenue (refer note 26)

	72,684	88,702
	40,528	85,505
	197,908	160,244
	<u>311,120</u>	<u>334,451</u>

	2017	2016
	Actual	Actual
	\$	\$

	2017	2016
	Budget	Actual
	\$	\$

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

Shire of Derby West Kimberley Mission Statement

"To provide leadership, infrastructure and services that meet the needs of the local and wider communities."

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Food quality and pest control, inspection of abattoir and operation of child health clinic, analytical testing and environmental health administration.

EDUCATION AND WELFARE

Objective:

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

Activities:

Year round care, housing for the aged and educational services.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HOUSING

Objective:

Help ensure adequate housing.

Activities:

Management and maintenance of staff and rental housing.

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collections, recycling, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities, sewerage and protection of the environment.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

Maintenance and operation of the Town Hall, the aquatic centre, recreation centre, library, community arts program, cultural activities and various reserves.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of streets, roads, bridges, footpaths, street lighting, traffic management and airport. Purchase and disposal of Council's road plant, parking control and police licensing.

ECONOMIC SERVICES

Objective:

To help promote the Shire and its economic wellbeing.

Activities:

Building control, saleyards, tourism and area promotion, standpipes and pest control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control the Shire's overheads operating accounts.

Activities:

Private works operations, plant repairs and operation costs, stock and materials, property leases and rental, salaries and wages or council employees.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)
(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15	Received ⁽²⁾ 2015/16	Expended ⁽³⁾ 2015/16	Closing Balance ⁽¹⁾ 30/06/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance 30/06/17
Governance							
Landcorp - Street Numbering Initiative	21,440	0	0	21,440	0	0	21,440
Health							
Office of Aboriginal Health	178,546	484,167	(457,548)	205,165	477,542	(455,787)	216,920
Department of Health	23,436	0	(18,791)	4,645	0	(4,645)	0
Department of Health	10,791	15,321	(4,756)	21,356	12,552	(13,059)	20,849
Education and welfare							
Dept Local Government	10,000	0	(2,726)	7,274	0	(29)	7,245
Various Youth Services	38,269	0	(38,269)	0	379,137	(379,137)	0
Dept Corrective Services	10,060	0	(1,186)	8,874	0	(74)	8,800
Dept Corrective Services	3,877	0	0	3,877	0	(441)	3,436
Department of Prime Minister and Cabinet	0	154,280	(53,961)	100,319	284,280	(91,731)	292,868
Department of Prime Minister and Cabinet	0	0	0	0	52,801	(41,224)	11,377
Kimberley Development Commission	0	0	0	0	50,000	0	50,000
Department of Sport and Recreation	0	0	0	0	35,000	0	35,000
Housing							
Country Local Government Fund	548,427	0	(539,451)	8,976	0	(8,976)	0
Community amenities							
Department of Planning	0	16,200	0	16,200	2,025	(6,539)	11,586
Department of Planning	56,108	0	(35,430)	20,678	0	(1,550)	19,128
Recreation and culture							
Dept Sport & Recreation	100,000	0	(100,000)	0	0	0	0
Public Libraries Australia - Derby Library	1,998	0	(1,998)	0	0	0	0
Sports for Program - Kidsport	299	0	(299)	0	0	0	0
Lotterywest Heritage Grant	19	0	(19)	0	0	0	0
Dept Sport & Recreation Swimming Pool	30,000	0	(30,000)	0	0	0	0
Children's Book Council	0	4,132	0	4,132	0	0	4,132
Lotterywest	0	30,000	(7,534)	22,466	0	0	22,466
Dept of Sport and Recreation	0	29,091	(24,328)	4,763	32,000	(26,853)	9,910
Kimberley Development Commission	18,795	0	(3,000)	15,795	0	0	15,795
Dept of Sport and Recreation	55,000	0	(4,350)	50,650	8,800	(31,757)	27,693
Landcorp - FX reallocation south of highway	10,165	0	(10,165)	0	0	0	0
Country Local Government Fund	70,000	79,642	(52,930)	96,712	50,000	(77,344)	69,368
Horizon Power - Street Lights Competition	0	0	0	0	200	(200)	0
Department of Sport and Recreation - CDO	0	0	0	0	60,000	(60,000)	0
Road Safety Commission	0	0	0	0	1,000	(1,000)	0
Kimberley Development Commission	0	0	0	0	50,000	0	50,000
Transport							
Regional Road Group RC035	128,424	453,334	(412,146)	169,612	772,773	(942,385)	0
WALGGS RC081 (not tied)	27,222	0	(27,222)	0	0	0	0
Main Roads RC081	13,610	0	(13,610)	0	0	0	0
WALGGS RC168 (not tied)	152,225	0	(152,225)	0	0	0	0
WALGGS RC168 (not tied)	46,277	0	(46,277)	0	0	0	0
Main Roads RC168	30,581	0	(30,581)	0	0	0	0
Main Roads RC168	10,000	0	(10,000)	0	0	0	0
Main Roads RC168	22,000	0	(22,000)	0	0	0	0
WALGGS RC168 (not tied)	110,000	0	(110,000)	0	0	0	0
Main Roads RC168	33,600	0	(33,600)	0	0	0	0
Main Roads WA	0	187,800	(105,353)	82,447	0	0	82,447
Dept of Parks & Wildlife	0	180,000	0	180,000	0	0	180,000
FAGS RC180 (not tied)	78,590	0	(78,590)	0	0	0	0
Multi Purpose Transport Facility	2,874,891	0	(1,050,150)	1,824,741	0	(1,824,741)	0
RADS - Fitzroy Crossing Airport	0	0	0	0	50,000	0	50,000
WALGGS Aboriginal Access Roads	217,724	218,000	(2,325)	433,399	225,000	(320,114)	338,285
MRWA Aboriginal Access Roads	108,563	85,000	(21,272)	172,291	157,500	(159,728)	170,063
Economic services							
Tourism WA	0	15,790	0	15,790	0	(15,790)	0
Total	5,040,937	1,952,757	(3,502,092)	3,491,602	2,700,410	(4,473,204)	1,718,808

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
(2) - Grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

3. CASH AND CASH EQUIVALENTS

	Note	2017 \$	2016 \$
Unrestricted cash		2,283,504	532,334
Restricted		3,419,460	6,320,361
		<u>5,702,964</u>	<u>6,852,695</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	10	452,441	441,107
Office building reserve	10	583,330	0
Historical reserve	10	0	29,871
Plant reserve	10	0	93,882
Airport reserve	10	28,456	27,743
Wharf maintenance reserve	10	3,721	3,628
Economic development reserve	10	19,935	19,436
Fitzroy resource centre reserve	10	46,771	45,599
Staff housing reserve	10	159,965	650,549
Capital works reserve	10	0	442,261
Office equipment reserve	10	0	32,110
Admin building construction reserve	10	299,180	860,402
Energy developments reserve	10	106,853	182,171
Unspent grants	2(c)	1,718,808	3,491,602
		<u>3,419,460</u>	<u>6,320,361</u>

4. TRADE AND OTHER RECEIVABLES

Current			
Rates outstanding		1,826,171	1,840,609
Sundry debtors		354,353	1,437,574
GST receivable		206,449	345,407
Other receivables		118,330	63,094
Accrued income		21,449	0
Provision for doubtful debts		(674,583)	(804,890)
		<u>1,852,169</u>	<u>3,081,794</u>
Non-current			
Rates outstanding - pensioners		37,994	37,994
		<u>37,994</u>	<u>37,994</u>

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding			
Includes:		1,826,171	1,840,609
Past due and not impaired		1,317,765	1,235,719
Impaired		508,405	604,890
		<u>354,353</u>	<u>1,437,574</u>
Sundry debtors			
Includes:			
Past due and not impaired		69,693	115,006
Impaired		166,178	0
		<u>166,178</u>	<u>0</u>

5. INVENTORIES

Current			
Stock on Hand		116,553	103,305
		<u>116,553</u>	<u>103,305</u>

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6 (a). PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	\$	\$
Land		
- Independent valuation 2017 - level 2	3,190,000	0
- Management valuation 2017 - level 3	353,000	0
- Independent valuation 2014 - level 2	0	6,927,000
	<u>3,543,000</u>	<u>6,927,000</u>
	3,543,000	6,927,000
Buildings at:		
- Independent valuation 2017 - level 2	35,225,612	0
- Management valuation 2017 - level 3	1,871,000	0
- Independent valuation 2014 - level 2	0	36,367,675
- Additions after valuation - cost	0	3,545,381
- Transfer to Footpaths and Building and Structures	(7,123,755)	0
Buildings - non-specialised accumulated depreciation	0	(1,210,266)
	<u>29,972,857</u>	<u>38,702,790</u>
	29,972,857	38,702,790
	<u>29,972,857</u>	<u>38,702,790</u>
	29,972,857	38,702,790
Total land and buildings	<u>33,515,857</u>	<u>45,629,790</u>
	33,515,857	45,629,790
Furniture and equipment at:		
- Management valuation 2016 - level 2	24,116	24,116
- Additions after valuation - cost	6,589	0
Furniture and equipment accumulated depreciation	(3,445)	0
	<u>27,260</u>	<u>24,116</u>
	27,260	24,116
Plant and equipment at:		
- Management valuation 2016 - level 2	2,074,221	2,107,085
- Additions after valuation - cost	69,015	0
Plant and equipment accumulated depreciation	(445,628)	0
	<u>1,697,608</u>	<u>2,107,085</u>
	1,697,608	2,107,085
Computer equipment at:		
- Management valuation 2016 - level 2	110,624	110,624
- Additions after valuation - cost	14,122	0
Computer equipment accumulated depreciation	(42,249)	0
	<u>82,497</u>	<u>110,624</u>
	82,497	110,624
	<u>35,323,222</u>	<u>47,871,615</u>
	35,323,222	47,871,615

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land	6,927,000	0	0	(3,384,000)	0	0	0	0	3,543,000
Total land	6,927,000	0	0	(3,384,000)	0	0	0	0	3,543,000
Buildings	38,702,790	1,352,377	(137,981)	(2,818,151)	0	0	(917,671)	(6,208,507)	29,972,857
Total buildings	38,702,790	1,352,377	(137,981)	(2,818,151)	0	0	(917,671)	(6,208,507)	29,972,857
Total land and buildings	45,629,790	1,352,377	(137,981)	(6,202,151)	0	0	(917,671)	(6,208,507)	33,515,857
Furniture and equipment	24,116	6,589	0	0	0	0	(3,445)	0	27,260
Plant and equipment	2,107,085	69,015	(24,739)	0	0	0	(453,753)	0	1,697,608
Computer equipment	110,624	14,122	0	0	0	0	(42,249)	0	82,497
Total property, plant and equipment	47,871,615	1,442,103	(162,720)	(6,202,151)	0	0	(1,417,118)	(6,208,507)	35,323,222

**SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land					
Land	Level 2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per hectare / market borrowing rate
Land - vested in and under the control of Council	Level 2	Improvements to land using income capitalisation approach	Independent registered valuer	June 2017	Value based on tenancy is for fixed term and that the lessee is granted exclusive possession of area and has authority to sub-lease
Buildings	Level 2	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Perth based construction rates with appropriate district allowance applied to each location
Buildings - specialised	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2017	Perth based construction rates with appropriate district allowance applied to each location
Furniture and equipment	Level 2	Market approach using recent observable market data for similar items	Management valuation	August 2016	Observable market data
Plant and equipment	Level 2	Market approach using recent observable market data for similar items	Independent registered valuer	August 2016	Open market values of similar items adjusted for condition and comparability.
Computer equipment	Level 2	Market approach using recent observable market data for similar items	Management valuation	August 2016	Observable market data

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.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$

7 (a). INFRASTRUCTURE

Infrastructure - Roads		
- Independent valuation 2015 - level 3	162,980,507	162,980,507
- Management valuation 2015 - level 3	330,986	330,986
- Impairment 2017 flood damage	(9,764,045)	0
- Additions after valuation - cost	6,211,344	2,687,359
- Transfer from parks and reserves	35,993	35,993
Infrastructure - Roads accumulated depreciation	(50,544,643)	(45,177,537)
	109,250,142	120,857,308
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	2,831,355	2,831,355
- Additions after valuation - cost	77,343	0
Transfer from land and buildings	52,930	0
Infrastructure - Footpaths accumulated depreciation	(1,420,605)	(1,277,892)
	1,541,023	1,553,463
Infrastructure - Drainage		
- Management valuation 2015 - level 3	5,939,431	7,800,540
- Additions after valuation - cost	0	98,460
Infrastructure - Drainage accumulated depreciation	0	(1,329,391)
	5,939,431	6,569,609
Infrastructure - Airports		
- Independent valuation 2015 - level 3	8,665,695	23,656,445
Infrastructure - Airports accumulated depreciation	0	(14,187,125)
	8,665,695	9,469,320
Infrastructure - Derby wharf and precinct		
- Management valuation 2015 - level 3	3,077,857	3,378,000
Infrastructure - Derby wharf and precinct accumulated depreciation	0	(530,326)
	3,077,857	2,847,674
Infrastructure - Street furniture		
- Management valuation 2015 - level 3	55,039	200,106
Infrastructure - Street furniture accumulated depreciation	0	(135,061)
	55,039	65,045
Infrastructure - Buildings and structures		
Transfers from land and buildings	7,070,825	0
Infrastructure - Buildings and structures accumulated depreciation	(1,273,283)	0
	5,797,542	0
Infrastructure - Land, parks and reserves		
- Independent valuation 2015 - level 3	2,100,307	3,638,530
- Management valuation 2015 - level 3	0	698,659
Infrastructure - Land, parks and reserves accumulated depreciation	0	(2,018,583)
	2,100,307	2,318,606
	<u>136,427,036</u>	<u>143,681,025</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	120,857,308	3,523,983	0	(9,764,045)	0	0	(5,367,104)	0	109,250,142
Infrastructure - Footpaths	1,553,463	77,341	0	0	0	0	(142,711)	52,930	1,541,023
Infrastructure - Drainage	6,569,609	61,516	0	0	0	0	(691,694)	0	5,939,431
Infrastructure - Airports	9,469,320	0	0	0	0	0	(803,625)	0	8,665,695
Infrastructure - Derby wharf and precinct	2,847,674	275,509	0	0	0	0	(45,326)	0	3,077,857
Infrastructure - Street furniture	65,045	0	0	0	0	0	(10,006)	0	55,039
Infrastructure - Buildings and structures	0	0	0	0	0	0	(358,035)	6,155,577	5,797,542
Infrastructure - Land, parks and reserves	2,318,606	0	0	0	0	0	(218,299)	0	2,100,307
Total infrastructure	143,681,025	3,938,349	0	(9,764,045)	0	0	(7,636,800)	6,208,507	136,427,036

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Airports	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Derby wharf and precinct	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Street furniture	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Buildings and structures	Level 2	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	July 2013	Perth based construction rates with appropriate district allowance applied to each location
Infrastructure - Land, parks and reserves	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$

8. TRADE AND OTHER PAYABLES

Current		
Sundry creditors	1,018,966	2,541,974
Accrued expenditure	1,144,335	0
Other Current Liabilities	75,184	112,727
ATO Liabilities	155,177	61,071
Income received in advance	0	1,061,354
	<u>2,393,662</u>	<u>3,777,126</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	<u>141,083</u>	<u>133,267</u>
	<u>141,083</u>	<u>133,267</u>
Non-current		
Secured by floating charge debentures		
Debentures	<u>1,882,179</u>	<u>2,023,261</u>
	<u>1,882,179</u>	<u>2,023,261</u>

Additional detail on borrowings is provided in Note 20.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	494,391	481,354	975,745
Non-current provisions	0	131,647	131,647
	<u>494,391</u>	<u>613,001</u>	<u>1,107,392</u>
Additional provision	44,040	(42,231)	1,809
Balance at 30 June 2017	<u>538,431</u>	<u>570,770</u>	<u>1,109,201</u>
Comprises			
Current	538,431	432,661	971,092
Non-current	0	138,109	138,109
	<u>538,431</u>	<u>570,770</u>	<u>1,109,201</u>

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

10 RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) 0	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Leave reserve	441,107	11,334	0	452,441	441,097	7,000		448,097	430,997	10,110	0	441,107
Office building reserve	0	583,330	0	583,330	0	0	0	0	0	0	0	0
Historical reserve	29,871	768	(30,639)	0	29,866	500	(30,400)	(14)	29,166	685	0	29,871
Plant reserve	93,882	2,412	(96,294)	0	93,808	4,700	(98,500)	8	287,808	6,751	(200,677)	93,882
Airport reserve	27,743	713	0	28,456	27,746	5,500	0	33,246	338,848	7,948	(319,051)	27,743
Wharf maintenance reserve	3,628	93	0	3,721	3,645	100	0	3,745	3,545	83	0	3,628
Economic development reserve	19,436	489	0	19,935	19,390	300	0	19,690	18,991	445	0	19,436
Fitzroy resource centre reserve	45,599	1,172	0	46,771	45,554	800	0	46,354	44,554	1,045	0	45,599
Staff housing reserve	650,549	16,716	(507,300)	159,965	650,700	159,500	(397,300)	412,900	962,700	22,582	(334,733)	650,549
Capital works reserve	442,261	11,364	(453,625)	0	592,273	100	(592,400)	(27)	536,572	12,587	(106,898)	442,261
Office equipment reserve	32,110	825	(32,935)	0	32,074	0	(32,000)	74	31,374	736	0	32,110
Admin building construction reserve	860,402	7,495	(568,717)	299,180	853,683	13,700	0	867,383	840,682	19,720	0	860,402
Energy developments reserve	182,171	4,682	(80,000)	106,853	182,163	4,200	(80,000)	106,363	256,162	6,009	(80,000)	182,171
	<u>2,828,759</u>	<u>641,403</u>	<u>(1,769,510)</u>	<u>1,700,652</u>	<u>2,972,019</u>	<u>196,400</u>	<u>(1,230,600)</u>	<u>1,937,819</u>	<u>3,781,417</u>	<u>88,701</u>	<u>(1,041,369)</u>	<u>2,828,759</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

**SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

10 RESERVES - CASH BACKED

In accordance with council resolutions 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	Anticipated date of use	Purpose of the reserve
Leave reserve	ongoing	To be used to fund annual and long service leave requirements
Office building reserve	ongoing	To be used to fund the new Derby administration building
Historical reserve	ongoing	To be used for history related works
Plant reserve	ongoing	For the replacement of major plant as per Council's Plan for the Future of the District
Airport reserve	ongoing	To be used to fund airport capital works, principally bitumen resealing
Wharf maintenance reserve	ongoing	To be used to carry out major wharf maintenance
Economic development reserve	ongoing	To promote economic development within the shire
Fitzroy resource centre reserve	ongoing	Used to quarantine funds received from the lease of the RX Recreation Hall to be utilised for any upgrade works
Staff housing reserve	ongoing	To be used for the construction of staff housing
Capital works reserve	ongoing	To help with the construction/maintenance of major capital works
Office equipment reserve	ongoing	For the replacement of office and depot equipment as for Council's Plan for the Future of the District
Admin building construction reserve	ongoing	To be used to fund the new Derby administration building
Energy developments reserve	ongoing	To administer the funds provided by Energy Developments Limited to create lasting value throughout the West Kimberley by contributing to not-for-profit projects or activities that benefit the Shire of Derby West Kimberley
Unspent grants and contributions reserve	ongoing	To be used to quarantine unspent grant funds and contributions at the end of each financial year

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

11. REVALUATION SURPLUS

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and building surplus	18,420,491	0	(6,202,151)	(6,202,151)	12,218,340	18,418,571	1,920	0	1,920	18,420,491
Plant and equipment surplus	538,090	0	0	0	538,090	585,000	0	(47,910)	(47,910)	538,090
Computer equipment surplus	0	0	0	0	0	143,259	0	(143,259)	(143,259)	0
Roads surplus	86,179,003	0	(9,764,045)	(9,764,045)	76,414,958	86,075,918	103,085	0	103,085	86,179,003
Drainage surplus	4,685,908	0	0	0	4,685,908	4,685,908	0	0	0	4,685,908
Parks and gardens surplus	1,560,852	0	0	0	1,560,852	1,665,859	8,853	(111,860)	(105,007)	1,560,852
Airport surplus	5,418,428	0	0	0	5,418,428	5,418,428	0	0	0	5,418,428
Building and structures surplus	0	0	0	0	0	0	0	0	0	0
	116,802,772	0	(15,966,196)	(15,966,196)	100,836,576	116,993,943	111,858	(303,029)	(191,171)	116,802,772

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>5,702,964</u>	<u>1,450,613</u>	<u>6,852,695</u>

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

Net result	(4,687,373)	(5,215,500)	(7,161,581)
Non-cash flows in Net result:			
Depreciation	9,053,918	7,386,600	9,049,744
(Profit)/Loss on sale of asset	146,356		337,263
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	1,229,625	346,200	(624,240)
(Increase)/Decrease in inventories	(13,248)	(15,000)	(2,637)
Increase/(Decrease) in payables	(1,383,464)	800,000	(142,031)
Increase/(Decrease) in provisions	1,809	350,000	73,636
Grants contributions for the development of assets	<u>(2,673,608)</u>	<u>(6,095,200)</u>	<u>(3,823,536)</u>
Net cash from operating activities	<u>1,674,015</u>	<u>(2,642,900)</u>	<u>(2,293,382)</u>

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

	2017	2016
	\$	\$
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	50,000	50,000
Credit card balance at balance date	<u>(589)</u>	<u>(2,756)</u>
Total amount of credit unused	<u>49,411</u>	<u>47,244</u>
Loan facilities		
Loan facilities - current	141,083	133,267
Loan facilities - non-current	1,882,179	2,023,261
Total facilities in use at balance date	<u>2,023,262</u>	<u>2,156,528</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. CONTINGENT LIABILITIES

The Shire of Derby/West Kimberley has in compliance with the *Contaminated Sites Act 2003* section 11 listed sites to be possible sources of contamination - details of those sites are:

- Derby Airport
- Myalls Bore
- Fitzroy Crossing Works Depot
- Derby Works Depot
- Derby Landfill Site
- Fitzroy Crossing Landfill Site
- Camballin Landfill Site
- Derby Cemetery
- Fitzroy Crossing Cemetery
- Camballin Cemetery

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the Department of Environment Regulation the need and criteria for remediation on a risk based approach. This approach is consistent with the Department of Environment Regulation Guidelines.

14. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

15. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any Joint Venture Arrangements.

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	2,455,301	2,473,498
General purpose funding	5,459,876	1,459,044
Law, order, public safety	668,165	531,128
Health	162,524	259,146
Education and welfare	1,321,763	1,711,253
Housing	8,273,840	12,829,581
Community amenities	882,869	712,515
Recreation and culture	17,617,475	17,808,537
Transport	134,967,621	148,550,146
Economic services	5,080,207	5,345,975
Other property and services	2,570,297	5,136,002
Unallocated	0	4,811,593
	<u>179,459,938</u>	<u>201,628,428</u>

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

17. FINANCIAL RATIOS

	2017	2016	2015
Current ratio	1.39	0.84	1.00
Asset sustainability ratio	0.52	0.36	0.64
Debt service cover ratio	6.84	(6.99)	(6.16)
Operating surplus ratio	(0.71)	(0.84)	(0.52)
Own source revenue coverage ratio	0.37	0.43	0.47

The above ratios are calculated as follows:

Current ratio	current assets minus restricted assets		
	current liabilities minus liabilities associated with restricted assets		
Asset sustainability ratio	capital renewal and replacement expenditure		
	depreciation expenses		
Debt service cover ratio	annual operating surplus before interest and depreciation		
	principal and interest		
Operating surplus ratio	operating revenue minus operating expenses		
	own source operating revenue		
Own source revenue coverage ratio	own source operating revenue		
	operating expenses		

Notes:

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 58 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$2,702,407.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$2,616,974.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	0.51	0.84	1.00
Debt service cover ratio	(3.28)	3.13	(10.90)
Operating surplus ratio	(0.96)	(0.65)	(0.63)

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

18. TRUST FUNDS

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

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Pre-Paid/Overpaid Rates	2,215	0	0	2,215
Deposits - Hall	19,534	12,700	(25,444)	6,790
Deposits - Other	337,038	17,375	(15,475)	338,938
BCITF Levies	448	9,195	(4,498)	5,145
BRB Levies	4,381	14,569	(16,486)	2,464
FX Visitors Centre Tour Groups	15,686	202,815	(202,904)	15,597
Sale of Art	3,975	18,640	(17,805)	4,810
Cemetary Publications	956	0	0	956
Parking/Footpath/Streets Contributions	274,173	0	0	274,173
Overpayments	0	500	0	500
Nomination Fees	0	0	0	0
	<u>658,406</u>			<u>651,588</u>

19. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Law, order, public safety								
Buildings	4,950	0	0	(4,950)	0	0	0	0
Education and welfare								
Buildings	8,250	0	0	(8,250)	0	0	0	0
Housing								
Buildings	82,500	0	0	(82,500)	150,000	150,000	0	0
Recreation and culture								
Buildings	1,800	0	0	(1,800)	0	0	0	0
Transport								
Vehicles	0	0	0		55,000	55,000	0	0
Plant and Machinery	54,856	16,364	3,000	(51,856)	7,000	7,000	0	0
	<u>152,356</u>	<u>16,364</u>	<u>3,000</u>	<u>(149,356)</u>	<u>212,000</u>	<u>212,000</u>	<u>0</u>	<u>0</u>

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 136 - Staff Housing	172,458	0	17,011	15,700	155,447	156,800	11,790	11,600
Loan 146 - Staff Housing	765,932	0	35,361	33,800	730,571	732,100	59,683	49,000
Loan 148 - Staff Housing	345,648	0	15,164	15,000	330,484	330,600	15,395	16,500
Recreation and culture								
Loan 135 - Civic Centre Renovations	136,112	0	27,482	27,000	108,630	105,600	6,929	3,800
Transport								
Loan 145 - Wharf Fenders and Boat Ramps	304,316		19,293	19,000	285,023	302,200	20,581	21,500
Loan 150 - Derby Wharf Revitalisation	0	0	0	0	0	1,200,000	0	19,000
Loan 151 - Derby Airport Infrastructure	0	0	0	18,200	0	5,781,800	171	18,200
Economic services								
Loan 149 - Derby Visitors Centre	432,062	0	18,955	19,000	413,107	413,100	19,240	19,500
	<u>2,156,528</u>	<u>0</u>	<u>133,266</u>	<u>147,700</u>	<u>2,023,262</u>	<u>9,022,200</u>	<u>133,789</u>	<u>159,100</u>

All loan repayments were financed by general purpose revenue.

**SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

20. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total	Interest Rate	Amount Used		Balance Unspent
	Actual	Budget				Interest & Charges		Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Derby Wharf Revitalisation	0	1,200,000	WATC	Debenture	20	486,700	4.10%	0	1,200,000	0
Derby Airport Infrastructure	0	5,800,000	WATC	Debenture	20	2,822,700	4.10%	0	5,800,000	0
	0	7,000,000				3,309,400		0	7,000,000	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire did not have any overdraft facilities during the year and as at 30 June 2017.

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

21. RATING INFORMATION - 2016/17 FINANCIAL YEAR

	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	
RATE TYPE												
Differential general rate / general rate												
Gross rental value valuations												
GRV Residential	12.2378	1,445	26,798,384	3,223,891	0	0	3,223,891	3,279,524	30,000	0	3,309,524	
GRV Commercial	12.2378	113	8,049,566	989,921	0	0	989,921	985,087	0	0	985,087	
GRV Industrial	12.2378	73	2,238,396	271,772	0	0	271,772	273,930	0	0	273,930	
GRV Special Rate	12.2378	29	219,606	9,242	0	0	9,242	26,875	0	0	26,875	
GRV Other Locations	12.2378	6	101,700	12,446	0	0	12,446	12,446	0	0	12,446	
Unimproved value valuations												
UV Residential	21.0368	1	22,500	4,733	0	0	4,733	4,733	0	0	4,733	
UV Commercial	21.0368	1	75,000	15,778	0	0	15,778	15,778	0	0	15,778	
UV Islands	21.0368	1	250,000	52,592	0	0	52,592	52,592	0	0	52,592	
UV Other Locations	21.0368	4	175,000	36,814	0	0	36,814	36,814	0	0	36,814	
UV Concessions Raised	21.0368	3	675,000	141,998	0	0	141,998	141,998	0	0	141,998	
UV Mining	25.9657	88	3,942,454	967,374	(3,106)	0	964,268	986,081	0	0	986,081	
UV Pastoral	6.3300	40	14,429,430	911,579	0	0	911,579	913,387	0	0	913,387	
Sub-Total		1,804	56,977,036	6,638,140	(3,106)	0	6,635,034	6,729,245	30,000	0	6,759,245	
Minimum payment	Minimum \$											
Gross rental value valuations												
GRV Residential	940	130		122,200	0	0	122,200	121,260	0	0	121,260	
GRV Commercial	940	14		13,160	0	0	13,160	13,160	0	0	13,160	
GRV Industrial	940	4		3,760	0	0	3,760	1,880	0	0	1,880	
GRV Special Rate	940	21		19,740	0	0	19,740	16,920	0	0	16,920	
Unimproved value valuations												
UV Mining	940	78		73,320	0	0	73,320	73,320	0	0	73,320	
UV Pastoral	940	4		3,760	0	0	3,760	3,760	0	0	3,760	
Sub-Total		251	0	235,940	0	0	235,940	230,300	0	0	230,300	
			2,055	56,977,036	6,874,080	(3,106)	0	6,870,974	6,959,545	30,000	0	6,989,545
Discounts/concessions (refer note 25)							(77,392)				(220,700)	
Total amount raised from general rate							6,793,582				6,768,845	
Totals							6,793,582				6,768,845	

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward)	(1 July 2016 Brought Forward)	(30 June 2016 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 16 brought forward	<u>2,606,280</u>	<u>2,456,164</u>	<u>2,456,164</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	2,283,504	532,334	532,334
Restricted	3,419,460	6,320,361	6,320,361
Receivables			
Rates outstanding	1,826,171	1,840,609	1,840,609
Sundry debtors	354,353	1,437,574	1,437,574
GST receivable	206,449	345,407	345,407
Other receivables	118,330	63,094	63,094
Accrued Income	21,449	0	0
Provision for doubtful debts	(674,583)	(604,890)	(604,890)
Inventories			
Stock on Hand	116,553	103,305	103,305
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,018,966)	(2,541,974)	(2,541,974)
Accrued expenditure	(1,144,335)	0	0
Other Current Liabilities	(75,184)	(112,727)	(112,727)
ATO Liabilities	(155,177)	(61,071)	(61,071)
Income received in advance	0	(1,061,354)	(1,061,354)
Current portion of long term borrowings			
Secured by floating charge	(141,083)	(133,267)	(133,267)
Provisions			
Provision for annual leave	(538,431)	(494,391)	(494,391)
Provision for long service leave	(432,661)	(481,354)	(481,354)
Unadjusted net current assets	4,165,849	5,151,656	5,151,656
Adjustments			
Less: Reserves - restricted cash	(1,700,652)	(2,828,759)	(2,828,759)
Add: Current portion of long-term borrowings	141,083	133,267	133,267
Adjusted net current assets - surplus/(deficit)	<u>2,606,280</u>	<u>2,456,164</u>	<u>2,456,164</u>

Difference

There was no difference between the surplus/(deficit) 30 Jun 2017 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

23. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

The Shire did not impose any specified area rates.

24. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR**

Rates Discounts

**Rate or Fee
Discount Granted**

Discount	Discount	Actual	Budget	Circumstances in which Discount is Granted
%	\$	\$	\$	
General Rates	2.00%	77,392	73,000	

A discount is offered to rate payers whose payment of the full amount, including arrears and other charges is received on or before 35 days after the date appearing The discount will apply to interim rates issued after the billing date.

<u>77,392</u>	<u>73,000</u>
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**SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR (Continued)**

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$
Rates	Concession		147,700	153,185	147,700
Landing Fees	Waiver		55,000	103,203	55,000
Fees and Charges	Facility Hire		2,000	600	2,000
	Charges				
Rates Assessment	Write-Off		240,000		240,000
				<u>256,988</u>	<u>204,700</u>

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Community organisations	50% of facilities hire fees payable by the organisation	To recognise contributions to the community by the club	Support to the club for the contribution made.
Landing fees for Royal Flying Doctor Service	100% of landing fees	To recognise the essential community service delivered by the RFDS	To retain the RFDS service in the community
Staff use of shire facilities	50% of use of council managed recreation and aquatic facilities	To improve physical and health lifestyle of permanent council employees	To protect the health and lifestyle of staff

**SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

26. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	10/10/2016	0		11.00%
Option Two				
First Instalment	10/10/2016	0	5.50%	11.00%
Second Instalment	12/12/2016	10	5.50%	11.00%
Option Three				
First Instalment	10/10/2016	0	5.50%	11.00%
Second Instalment	12/12/2016	10	5.50%	11.00%
Third Instalment	13/02/2017	10	5.50%	11.00%
Fourth Instalment	17/04/2017	10	5.50%	11.00%

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	179,450	147,200
Interest on instalment plan	18,458	21,700
Charges on instalment plan	10,540	9,000
	<u>208,448</u>	<u>177,900</u>

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

27. FEES & CHARGES

	2017	2016
	\$	\$
Governance	39,282	41,389
General purpose funding	17,430	11,583
Law, order, public safety	24,997	19,194
Health	37,703	46,020
Education and welfare	10,742	126
Housing	16,119	38,220
Community amenities	1,759,567	1,886,136
Recreation and culture	138,333	156,666
Transport	488,285	1,672,437
Economic services	29,655	37,980
Other property and services	21,748	1,833,961
	<u>2,583,861</u>	<u>5,743,712</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

28. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	6,527,828	2,108,430
Health	490,094	499,489
Education and welfare	517,692	373,621
Community amenities	2,025	16,200
Recreation and culture	415,659	384,466
Transport	1,399,402	1,951,310
Economic services	0	15,791
Other property and services	9,386	7,924
	<u>9,362,086</u>	<u>5,357,231</u>
Non-operating grants, subsidies and contributions		
Governance	0	1,152,367
Recreation and culture	100,000	233,865
Transport	2,573,608	2,437,304
	<u>2,673,608</u>	<u>3,823,536</u>
	<u>12,035,694</u>	<u>9,180,767</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>68</u>	<u>69</u>
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30. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2017	2017	2016
	\$	Budget	\$
Members attendance fees	148,575	145,000	142,592
President's allowance	38,418	40,000	38,418
Deputy President's allowance	9,604	10,000	9,604
Travelling expenses	14,380	20,000	64
Telecommunications allowance	28,000	30,600	24,440
	<u>238,977</u>	<u>245,600</u>	<u>215,118</u>

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

31. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

2017
\$

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

Short-term employee benefits	1,338,730
Post-employment benefits	121,775
Other long-term benefits	174,879
	<u>1,635,384</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members may be found at Note 30.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

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 entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

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

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss
Available-for-sale financial assets
Held-to-maturity investments

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	68,526	88,475
- Statement of Comprehensive Income	68,526	88,475

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

34. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	33%	92%
- Overdue	67%	8%

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	3,034,560	0	0	3,034,560	2,393,662
Borrowings	141,082	749,076	1,133,103	2,023,261	2,023,262
	<u>3,175,642</u>	<u>749,076</u>	<u>1,133,103</u>	<u>5,057,821</u>	<u>4,416,924</u>
<u>2016</u>					
Payables	3,777,126	0	0	3,777,126	3,777,126
Borrowings	0	120,722	2,886,043	3,006,765	2,156,528
	<u>3,777,126</u>	<u>120,722</u>	<u>2,886,043</u>	<u>6,783,891</u>	<u>5,933,654</u>

SHIRE OF DERBY WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures	0	0	108,630			1,914,632	2,023,262	5.68%
Weighted average Effective interest rate	0.00%	0.00%	5.42%	0.00%	0.00%	5.69%		
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	136,112	0	2,020,416	2,156,528	5.71%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	5.42%	0.00%	5.72%		

**SHIRE OF DERBY WEST KIMBERLEY
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2017	2016	2015
Asset consumption ratio	0.76	0.74	0.62
Asset renewal funding ratio	N/A *	N/A *	1.06

The above ratios are calculated as follows:

	depreciated replacement costs of assets
Asset consumption ratio	current replacement cost of depreciable assets
Asset renewal funding ratio	NPV of planning capital renewal over 10 years
	NPV of required capital expenditure over 10 years

* The Shire does not currently have an adopted asset management plan and therefore the information was not available for calculation of this ratio.

MOORE STEPHENS

INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF DERBY WEST KIMBERLEY

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Opinion on the Audit of the Financial Report

We have audited the accompanying financial report of the Shire of Derby West Kimberley (the Shire), which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Derby West Kimberley is in accordance with the *Local Government Act 1995 (as amended)* and the *Local Government (Financial Management) Regulations 1996 (as amended)*, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the *Local Government Act 1995 (as amended)*, the *Local Government (Financial Management) Regulations 1996 (as amended)* or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 58 of this report, we have reviewed the calculation for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not supported by:
 - i. verifiable information; and
 - ii. reasonable assumptions.

The Asset Renewal Funding Ratio was not calculated and hence no review was carried out.

- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS

INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF DERBY WEST KIMBERLEY

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

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

Responsibilities of Management and Council for the Financial Report

Management is responsible for the preparation of this financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995 (as amended)* and the *Local Government (Financial Management) Regulations 1996 (as amended)* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives 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 our 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Date: 14 December 2017
Perth, W/A