

Shire of Derby/West Kimberley
Annual Report 2017-2018



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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

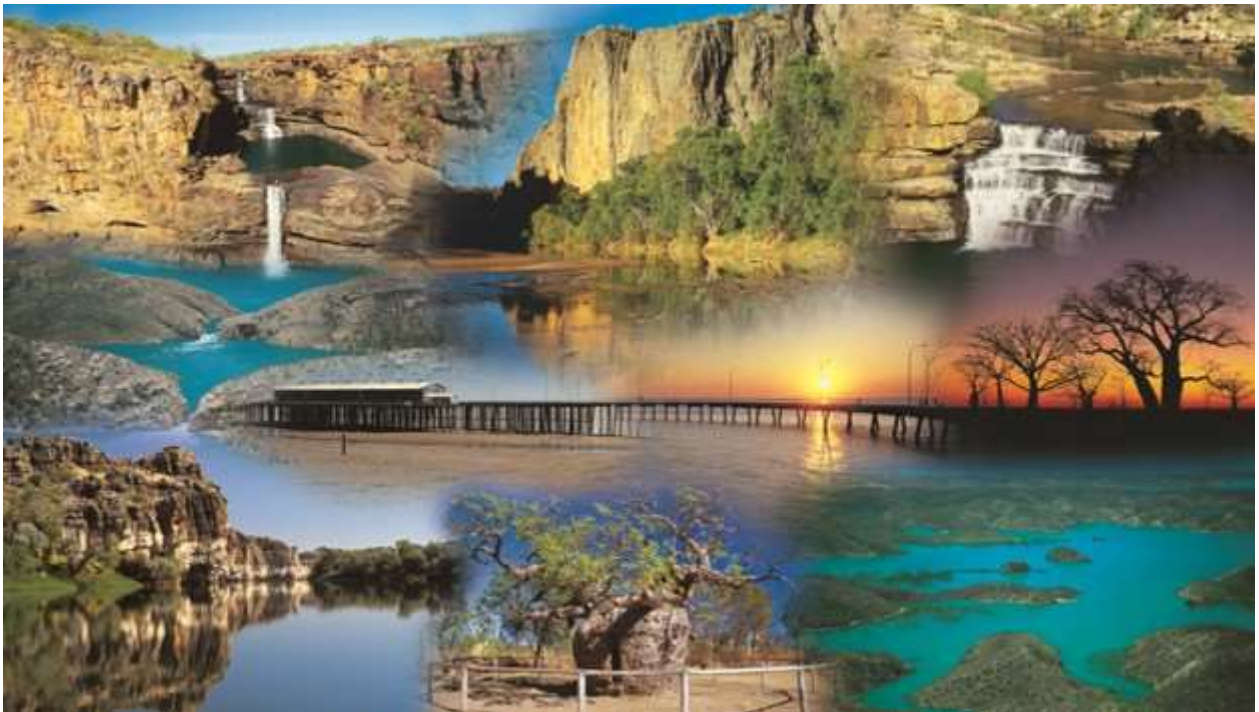
RESPECTFUL by being helpful, friendly and supportive

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

Community Wellbeing – A diverse, caring and safe community providing opportunities for all its people.

- 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.

A Balance Between the Natural and Built Environments – Sustainable natural and built environments that meet the needs of the community and support future growth.

- 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.

Good Governance and an Effective Organisation – Leadership that provides strategic direction for the community, supported by efficient and effective service delivery.

- 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.

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.

- 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

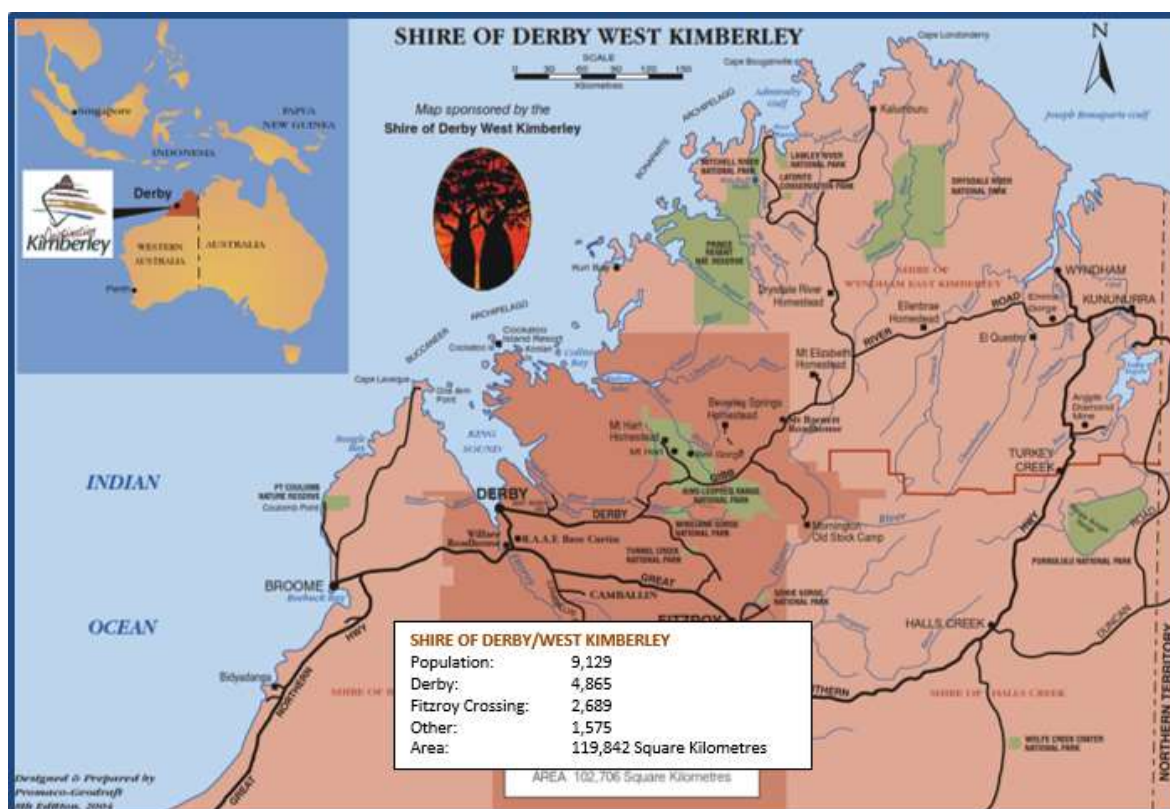
The Shire of Derby/West Kimberley covers a vast area servicing 54 Aboriginal communities and three towns. Derby and Fitzroy Crossing being the main population centres with a third township at Camballin. Derby is the major centre of the Shire and this is where the main Administration Centre is located.

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 Warrwa, Bardi, Jawi, Ngarinyin, Worrorra, 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 km²
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Shire of Derby/West Kimberley Area	119,842 km²
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Shire Population	9,129
Derby	4,865
Fitzroy Valley	2,689
Other	1,575
<hr/>	
Distance from Perth	
via Great Northern Highway	2,383 km
via North West Coastal Highway	2,500 km
<hr/>	
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
<hr/>	
Average Annual Rainfall	
Derby	691 mm
Fitzroy Crossing	541.2 mm
<hr/>	
Sealed Roads	101.78 km
<hr/>	
Unsealed Roads	1,892.88 km
<hr/>	
Number of Electors	3,683
<hr/>	
Number of Dwellings	1,856
<hr/>	
Total Rates Levied	\$6,809,136
<hr/>	
Operating Revenue	\$18,571,228
<hr/>	
Shire Employees (FTE)	60
<hr/>	

SHIRE PRESIDENT'S REPORT



I would like to take this opportunity to acknowledge all the traditional owners of the lands that comprise our Shire and thank you for reading this Annual Report.

Whilst our region has investment cycles that fluctuate, this builds the resilience of the people and we hope that as a visitor, resident, or business you can experience all that the West Kimberley has to offer.

The Shire looks forward to the emerging growth opportunities across all of the business segments and updates on Shire activities and development planning is available on www.sdwk.wa.gov.au

Geoff Haerewa
Shire President

CHIEF EXECUTIVE OFFICER'S REPORT



2017/18 was a challenging year of consolidation following the economic downturn in the Shire with a reduction of gross regional product of 40% or \$300million since 4 years ago. This impacted significantly on the Shire with minimal revenue from port and airport activity, yet having to fund all the fixed overhead and maintenance costs.

The Shire also faced significant challenges in resourcing and cash flow to progress the extreme flood damage cleanup from February 2017 which totalled \$7,543,334.34 for the year.

To offset this downturn the Shire reduced its staffing levels by approximately 40% while endeavouring to maintain core services and I would like to thank the staff and Councillors for their extra efforts during this time. Hopefully the progression of the Sheffield Resources Thunderbird Mineral Sands Project and the restarting of Kolan Island iron ore operations will drive improvements in 2018/19.

Further changes in 2017/18 included the retirement from Council of Shire President Elisa Archer who was recognised for her contribution with being granted Freeman of the Shire.

Further detail of activities and achievements are documented in each section to follow.

Stephen Gash
Chief Executive Officer

SHIRE OF DERBY/WEST KIMBERLEY 2017/2018 – COUNCILLORS



SHIRE PRESIDENT
CR GEOFF HAEREWA
TERM ENDS 2021



2019CR DENISE ANDREWS
TERM ENDS 2019



CR PETER COGGINS
TERM ENDS 2019



CR CHRIS KLOSS
TERMS ENDS 2021



CR GEOFF DAVIS
TERM ENDS 2021



CR PETER MCCUMSTIE
TERM ENDS 2019



DEPUTY PRESIDENT
CR PAUL WHITE
TERM ENDS



CR IRIS PROUSE
TERM ENDS 2019



CR ANDREW TWADDLE
TERM ENDS 2021

Elected Members' Attendance at Council Meetings

Elected Members attended the following Council meetings during the 2017-18 year:

Councillor	27 Jul 2017	31 Aug 2017	28 Sept 2017	26 Oct 2017	30 Nov 2017	14 Dec 2017	22 Feb 2018	29 Mar 2018	26 Apr 2018	31 May 2018	14 Jun 2018	28 Jun 2018
	OCM	OCM	OCM	OCM	OCM	OCM	OCM	OCM	OCM	OCM	SCM	OCM
E Archer	✓	✓	✓	Term expired 21 October 2017								
P White	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
P Coggins	✓	✓	✓	✓	✓	✓	✓	✓	LOA	✓	✓	✓
C Kloss	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
A Kogolo	AB	A	A	Term expired 21 October 2017								
P McCumstie	LOA	✓	✓	✓	✓	✓	✓	LOA	✓	✓	✓	✓
I Prouse	✓	✓	✓	✓	LOA	✓	✓	✓	✓	LOA	✓	✓
A Twaddle	✓	✓	✓	✓	✓	✓	✓	✓	LOA	✓	✓	✓
G Davis	Elected 21 Oct 2017			✓	✓	✓	A	✓	✓	✓	✓	✓
G Haerewa	Elected 21 Oct 2017			✓	✓	✓	✓	✓	✓	✓	✓	✓
D Andrews	Elected 21 Oct 2017			✓	✓	✓	A	A	✓	A	A	LOA

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

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.

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

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

- Reconstruction of roads damaged by flooding in January/February 2017 commenced across the entire Shire following the above average 2016/17 wet season. The damage was estimated at around 10 million dollars.
- Additional Flood Damage Assessments were undertaken following another above average wet season. Approximately \$4.5 million damage was caused by flooding in 2018. This was restricted to sealed and unsealed roads around and in Derby, plus GNH-Gee Gully Rd and Manguel Creek-Udialla Rd to the southwest of Willare.
- Design work was also undertaken on several streets to have an advance programme ready for delivery when funding becomes available.

Road Maintenance Strategy

The third year of the road maintenance strategy has ended as has the 3 year Maintenance Grading Contract.

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.

Consultation was carried out with pastoralists prior to advertising for a new 3 year Maintenance Grading Contract. The strategy was amended to reflect the feedback received. A new Maintenance Grading Contract commenced 1 July 2018 with the four areas being split between 3 Derby earthmoving contractors.

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 are now in use.

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

Strategic Planning

The Shire of Derby/West Kimberley covers a vast and diverse area which includes three gazetted townsites, and fifty four remote aboriginal communities. The balance of the Shire outside the main settlement areas is primarily comprised of pastoral lands and national parks. With such a diverse blend of communities and land uses, good planning is particularly important. The Shire has worked on a number of major planning documents during 2017/2018 reporting period.

Local Planning Strategy

The Local Planning Strategy (LPS) is the overarching land use planning document which will facilitate the Shire's decision making over the next 10 to 15 years. It encompasses eight key areas of planning including natural resource management and environment protection, population and housing, economy and employment, activity centres, tourism, open space and community facilities, rural land uses, urban design and heritage, transport and infrastructure services.

The Plan has been approved by the Western Australian Planning Commission (WAPC) provides the direction for the preparation of the new whole of District Local Planning Scheme No.8 which the Council resolved to prepare in February 2015.

Local Planning Scheme No.8

The Planning and Development Act 2005 requires that local planning schemes be reviewed periodically. The new Local Planning Scheme (LPS) will be the statutory document that controls the use and development of land within the whole of the Shire of Derby/West Kimberley. The Council has resolved to prepare a new Local Planning Scheme that will cover the whole of the district and ultimately will supersede both TPS No.5 and TPS

No.7. The implementation of a new whole of district Local Planning Scheme will enable the Council for the first time to exercise Planning Controls over the whole of the Shire, rather than only within the gazetted town sites.

The preparation of the new scheme is being guided by the Council's endorsed Local Planning Strategy (LPS) which will set a clear picture of objectives, planning intentions and proposals of both the Council and the community.

Plans or strategies may also be prepared for specific precincts to account for local history and character and/or specific land use and planning issues. Such studies include the Coastal Vulnerability Study as it applies to the Derby townsite and the Fitzroy Futures Town Plan will provide the basis for the planning of Fitzroy Crossing.

Coastal Vulnerability Study & Coastal Hazard Risk Management and Adaption Plan

State Planning Policy No.2.6 – State Coastal Planning Policy was prepared by the Western Australian Planning Commission to provide guidance for decision-making within coastal zones across the State. Section 77 of the Planning and Development Act 2005 requires that local governments have regard to the policy where it affects its district when preparing a local planning scheme.

Consequently, in order to support the preparation of the new Local Planning Scheme No.8, the Shire has now completed a Coastal Vulnerability Study (CVS) over the Derby Town Site and immediate surroundings (Study Area). The purpose of the CVS is to identify and understand the risks of coastal vulnerability over the Study Area resulting from a range of factors including erosion, coastal

inundation and freshwater flooding over a 100-year planning timeframe.

The hazard mapping delivered through the CVS identifies those properties, assets and or the immediate surrounds that are potentially impacted by coastal inundation and or coastal erosion over the 100-year planning timeframe.

Under the State Planning Policy Framework, the Shire was required to undertake a process to analyse the identified coastal hazard risk and develop management and adaption measures where appropriate. This additional work is identified as the Coastal Hazard Risk Management and Adaption Plan (CHRMAP). The purpose of the CHRMAP is to further evaluate the identified coastal hazards from the CVS and develop suitable risk management and adoption measures in consultation with local community and relevant stakeholders. The CHRMAP process involves stakeholder and community engagement to:

- Consider coastal hazards and evaluate their likelihood and the consequence for specific assets;
- Identify realistic and effective management and adaptation responses to those risks; and
- Prioritise potential management and adaptation responses.

The CHRMAP process recognises the inherent uncertainty associated with coastal hazard impacts and timeframes, and seeks to provide a tool through which decision makers can manage coastal hazard risk into the future. This understanding will allow the Shire to make informed decision-making on land-use planning including designation of coastal reserves, new development and infrastructure, establishing building set-backs and stormwater drainage. The CHRMAP was completed and endorsed by Council and the Department of Planning, Lands and Heritage within the reporting period.

Native Title

There are twenty four Native Title applications within the Shire boundaries. As at the reporting date, thirteen applications have been determined by the Federal Court in respect to the Wanjina/Waunggurr-Willinggin, Dambimangari; Nookanbah, Ngurrara, Bunuba No.1 and No.2, Gooniyandi; Nyikina Mangala; Kurungal, Yi-

Martwarra Ngurrara and Yarrangi Riwi Yoowarni Gooniyandi Native Title Applications. The Yi-Martwarra Ngurrara Application was determined within the reporting period.

The balance of other applications being the Warrawa Mawadjala Gadjidgar, Warrwa Combined, Booroola Moorool Moorool, Bindunbar, Yi Martwarra Ngurrara, Ngurrara D1, Warlungurru, Bunuba #2 Part B, Yurriyngem Taam and Ginijawarni Yoowaniya Riwi Native Title applications that are located within the Shire are at various stages of progress and will be actioned as individual matters are progressed by the claimant groups and the Federal Court. The Shire is a party to the majority of these applications and attend and participate in case management meetings as a means of providing support to the relevant Native Title groups and also to ensure that the Shire's various interests are appropriately provided for within the Consent Determination documents.

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 2017/18 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.

The unit again participated in the Department of Health "You gotta wash Ya Face to Come to my Place" health promotion program at Kalumburu.

Dog desexing was also undertaken in a large number of communities to assist in the control of the dog populations within communities, with a total of 217 animals being desexed.

Both indigenous trainees employed last year successfully completed their 12 month engagements with the Shire. One of the trainees was successful in gaining employment back with the Shire as a full time Field Support Officer.

Building Services

The Shire of Derby/West Kimberley had relatively steady year following on from 2016/17. Development and building applications remained steady but are still down on the peak of 5-6 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 townsites, 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.

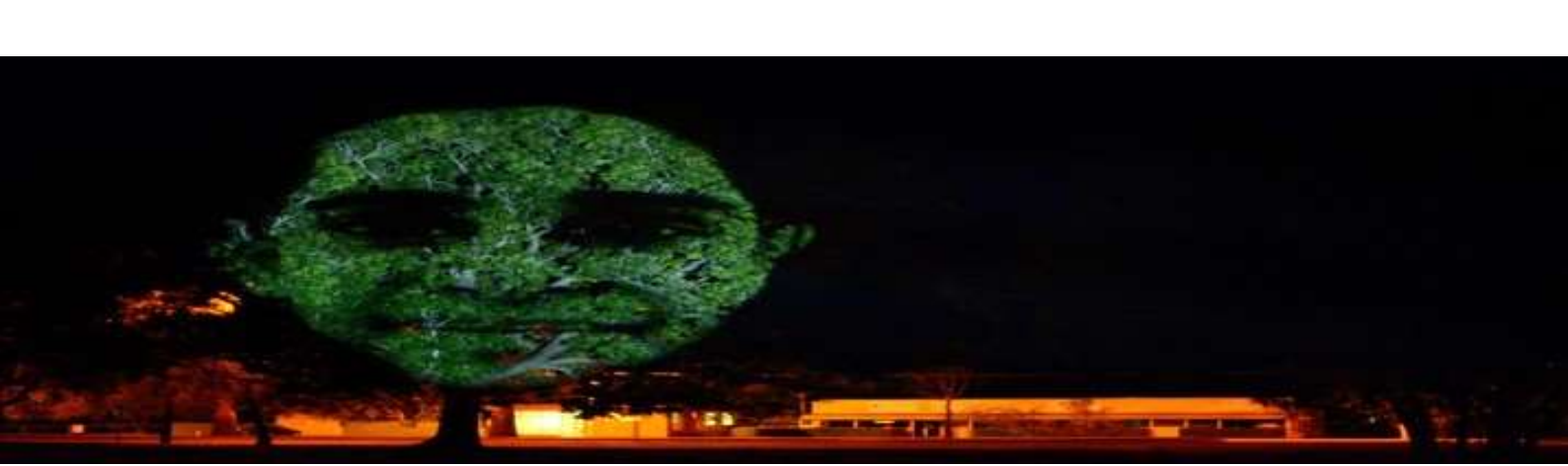
All legislated functions were met including the annual waste census and national pollution inventory reporting.

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. 50 dogs were de-sexed under this scheme during the period.
- Improved cooperation with residences in regards to the verge clean ups.



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. This year involved activities such as cooking, water fun days and pool parties.

Kimberley Art Prize and Photographic Awards

The Art Prize exhibition displayed 113 amazing pieces and the Photographic Award hosted 207 entries with each of these events attracting over 600 people including the opening night and following 6 days when open for viewing.

The overall winners were Katie Breckon with her art entry “Worrorra Stone Tool – Vic Cox Collection” and Landi Bradshaw with her photographic entry “Bastion Bolt”.

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 2018 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.

Introduction of school visits and community collaboration for events in Fitzroy Crossing included

- weekly visits from Baya Gawiy for reading and accessing resources
- Participation with Deadly Diva Day
- Town treasure hunt
- School Holiday activities were in high demand with over 300 children to participate in various programs in over the school holiday period.
- After school activities each Monday

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 2017-18 financial year's budget was prepared and adopted by Council on 31 August 2017.

The budget also forms the basis for determining the level of Council's rates, which incurred an increase of 1.8% for the 2017/18 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 LGIS, all staff were offered the following support and training.

In March 2018 saw Sun Safety sessions run for staff with the offer of individual skin cancer screenings.

In May 2018 all staff were required to attend sessions on Manual Task Training, in addition staff with office responsibilities were required to attend Ergonomic Assessments.

As part of the Shire Corporate training responsibilities, staff attended Cultural Awareness training in August and September 2017.

The Shire also trained a further six Technical Services staff in Aerodrome Reporting and Aeronautical Radio operations to ensure suitable coverage at Derby and Fitzroy Crossing Airports.

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 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. Staff participate in a training program. This training program has been evaluated and will be included in the recordkeeping plan for improvements.

The Shire is currently evaluating the recordkeeping plan including policies and procedures across the organisation and has sought an extension to provide this review by 31 October 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 94 points of compliance, the Shire was compliant in 87 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
Integrated Planning & Reporting	7
Local Government Employees	5
Official Conduct	6
Tenders for Providing Goods and Service	25
Total	94

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

2017/2018 provided promotional opportunities for five (5) of our staff internally, supporting retention and succession planning. In addition there were five (5) permanent positions that were recruited externally. In addition the shire recruited two (2) temporary staff and fifteen (15) casuals to provide cover at Derby pool, Derby youth centre, Derby library and to assist with the Shire's school holiday program.

Workforce Plan and Demographics

The workforce plan review will form part of the overall integrated planning and reporting framework review.

Enterprise Agreements

Negotiations commenced in March 2017 for a new enterprise agreement with indoor staff, until negotiations are concluded indoor staff will continue to receive similar salary increases to those received by staff on the Shire of Derby/West Kimberley Works Enterprise Agreement 2016.

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	2017-18
100,000 to 109,999	1
110,000 to 119,999	2
120,000 to 129,999	3
130,000 to 139,999	-
140,000 to 149,999	-
150,000 to 159,999	-
160,000 to 169,999	1
170,000 to 179,999	-
180,000 to 189,999	-
190,000 to 199,999	-
200,00 to 209,999	-
210,000 to 219,999	-
220,000 to 229,999	1
230,000 to 239,999	-

Participation in Employment Opportunities for Youth

Transition Pathways Expo – Derby District High School

The Shire again participated in the annual Transition Pathways Youth Expo organised by Derby District High School in August 2017. 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 stall for students to visit and talk one on one with Shire employees about career paths.

Workplace learning WPL - Derby District High School

The Shire made itself available this year to support both Derby District and Fitzroy Valley High School workplace learning program, providing valuable work experience at our Derby Memorial Swimming Pool.

Work Inspiration Program

Provides young people with opportunities to experience the world of work first hand in a meaningful and inspiring way. It allow students to explore career journeys, connect with businesses and meet and talk to staff. The experience provides inspiration for students to broaden their perspectives and develop aspirations, whilst also allowing the Shire to showcase their work and employment opportunities, engage with the future workforce and support their local community.

In November 2017 our Youth Centre staff coordinated the Work Inspiration program where students were given the opportunity to come and learn about all the different departments within the Shire, speak with some of the staff about their career journeys and the education/skills required to do their role, and complete some insightful activities for the students to assist them with identifying their strengths and do some practical activities. As always the program was well attended and received by the students.

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 2017-18 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 2017-18 the Shire received two Freedom of Information applications, which were both refused in accordance with Clause 3(1) of Schedule 1 of the *Freedom of Information Act 1992* as they related to personal information. 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 2017-18 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 payments, 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.

Department of Transport services are provided to Fitzroy Crossing and surrounding communities two days a week.

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 2017/18 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 2017-18 with carry over to 2017-18 budget
- ✗ Activity/project planned for completion in 2017-18 but not commenced or carried over in 2017-18 budget
- ✓ Activity/project not planned in 2017-18 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	X	O	●	Incorrect terminology. Will invite Health Management to Council Forums for awareness
		Develop a Health and Well-Being Strategy	X	O	O	Following community baselining exercise
	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	X	●	O	
	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	X	O	O	Incorrect terminology (no Health Board). District Health Advisory Committee inactive despite calls for community nominations
	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	X	O	O	
		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	X	●	●	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	X	○	○	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	X	●	●	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	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)
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	X	●	●	
	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	X	●	○	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	X	●	●	Ongoing
		Meet with training and employment agencies to encourage the participation of local youth	X	●	●	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 and Aged Care Strategy to identify and address the needs of the ageing community	X	●	○	
	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	X	●	●	
	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 (WANDRA)	Discuss natural disaster relief and management with FESA representatives	X	●	○	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 WANDRA	X	●	○	

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)
<p>Appropriate Development that Enhances the Unique Character and Heritage of the Shire's Townships</p>	Review, update and implement the Shire's Local Planning Strategy	Review and update the Shire's Local Planning Strategy	X	●	○	
		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.	X	●	●	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	X	●	●	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. Project was informed by a Community Reference Group to encourage participation and ownership of the project by the community
		Implement a Streetscape Policy and Strategy to encourage the involvement of local businesses	X	●	●	
	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. Unsealed road maintenance strategy has been developed and is being implemented
		Implement a Road Maintenance and Upgrading Strategy	X	●	●	
	Lobby the Department of Main Roads on highway safety	Communicate regularly with MRWA to discuss community concerns on highway safety	X	●	●	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	X	●	●	
		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	✓	●	●	Ongoing. Parts of Wharf closed to public to ensure safety/compliance
		Investigate funding opportunities for improvement of Wharves	X	●	●	
	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	X	●	●	
		Maintain monthly contact and advocacy role with State and Federal MP's	X	●	●	
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. Shire has an established MoU with the Derby Landcare Group. Monthly meetings attended by dedicated officer providing technical advice and acting as a conduit between the group and the Shire. MoU due for review and rollover during the 2018-2019 reporting period. MoU requires

						that before any works undertaken by Derby Landcare are approved in accordance with Shire requirements. – Ongoing.
		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	○	○	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	X	○	○	
Integrated Waste Management	Develop and implement a Waste Management Strategy	Develop and implement a Waste Management Plan	X	●	●	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	X	●	●	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	X	●	●	
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 sewerage
	Investigate waste water re-use	Conduct a feasibility study on waste water re-use within the Shire	X	●	●	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	X	●	●	
	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	X	●	●	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	✓	●	●	

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 2019
		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	X	●	HRM Policy and Workforce Plan need involvement, input and review by Managers. Need to reflect ongoing requirement.
		Implement human resource management recommendations as outlined in the Workforce Plan	X	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	X	●	Training done based on employee and area need only. Need to implement new Performance Review System to provide training plans to develop shire training plan.
	Ensure safe work practices through implementation of appropriate occupational, health, safety and welfare practices	Appoint an Occupational Health, Safety and Welfare staff representative	X	X	●	OHS responsibility reassigned from HR to CEO.
		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	X	●	Council requested review by CEO before implementation of aspects of plan.
		Conduct an annual review of staff attraction and retention initiatives	X	X	●	Will commence once workforce plan is reviewed.

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	✓	X	●	No annual staff development activity, one whole of staff meeting held in February 2018.
		Communicate strategic objectives	✓	●	●	

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SHIRE OF DERBY / WEST KIMBERLEY

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

A friendly and diverse place with awesome opportunities.

Principal place of business:
Lot 275 Loch Street
PO Box 94 DERBY WA 6728

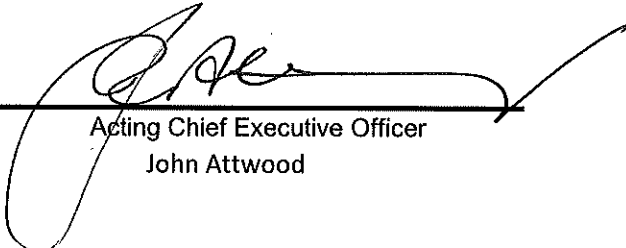
**SHIRE OF DERBY / WEST KIMBERLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Derby / West Kimberley for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Derby / West Kimberley at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 17th day of APRIL 2019



Acting Chief Executive Officer
John Attwood

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	19(a)	6,809,136	6,779,800	6,793,582
Operating grants, subsidies and contributions	2(a)	6,417,947	3,903,700	9,362,086
Fees and charges	2(a)	3,686,387	3,307,600	2,583,861
Interest earnings	2(a)	269,044	364,200	311,120
Other revenue	2(a)	908,314	861,000	1,858,052
		18,090,828	15,216,300	20,908,701
Expenses				
Employee costs		(6,477,899)	(6,826,400)	(7,166,457)
Materials and contracts		(13,788,476)	(7,801,300)	(8,687,297)
Utility charges		(884,086)	(847,700)	(805,002)
Depreciation on non-current assets	9(b)	(8,995,235)	(9,062,900)	(9,053,918)
Interest expenses	2(b)	(144,835)	(181,499)	(133,789)
Insurance expenses		(888,991)	(839,400)	(903,388)
Other expenditure		(1,048,665)	(545,701)	(1,373,475)
		(32,228,187)	(26,104,900)	(28,123,326)
		(14,137,359)	(10,888,600)	(7,214,625)
Non-operating grants, subsidies and contributions	2(a)	13,318,649	18,274,800	2,673,608
Profit on asset disposals	9(a)	79,362	0	3,000
(Loss) on asset disposals	9(a)	(2,334,991)	0	(149,356)
Net result		(3,074,339)	7,386,200	(4,687,373)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	30,033,843	0	(15,966,196)
Total other comprehensive income		30,033,843	0	(15,966,196)
Total comprehensive income		26,959,504	7,386,200	(20,653,569)

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
	2(a)			
Governance		120,754	99,000	109,352
General purpose funding		11,230,951	9,433,100	13,683,223
Law, order, public safety		275,036	65,800	65,942
Health		294,242	557,300	532,191
Education and welfare		455,304	430,800	559,470
Housing		35,556	19,100	18,519
Community amenities		1,982,068	1,807,500	1,761,592
Recreation and culture		365,038	424,000	713,762
Transport		2,646,607	1,818,400	2,852,659
Economic services		304,987	282,300	257,472
Other property and services		380,285	279,000	354,519
		18,090,828	15,216,300	20,908,701
Expenses				
	2(a)			
Governance		(1,371,169)	(1,658,400)	(1,299,800)
General purpose funding		(282,868)	(388,900)	(737,982)
Law, order, public safety		(419,114)	(466,700)	(432,731)
Health		(885,111)	(1,064,000)	(737,599)
Education and welfare		(763,955)	(911,300)	(782,700)
Housing		(84,999)	(175,574)	(225,277)
Community amenities		(3,850,975)	(4,084,300)	(4,025,238)
Recreation and culture		(3,767,335)	(4,202,800)	(4,221,281)
Transport		(17,777,766)	(10,507,055)	(12,721,151)
Economic services		(765,363)	(1,160,272)	(1,208,476)
Other property and services		(2,114,697)	(1,304,100)	(1,597,302)
		(32,083,352)	(25,923,401)	(27,989,537)
Finance Costs				
	2(a)			
Governance		(8,091)	0	0
General purpose funding		(21,323)	0	0
Housing		(69,581)	(70,200)	(86,869)
Recreation and culture		(7,445)	(5,500)	(6,929)
Transport		(20,021)	(87,499)	(20,751)
Economic services		(18,374)	(18,300)	(19,240)
		(144,835)	(181,499)	(133,789)
		(14,137,359)	(10,888,600)	(7,214,625)
Non-operating grants, subsidies and contributions	2	13,318,649	18,274,800	2,673,608
Profit on disposal of assets	9(a)	79,362	0	3,000
(Loss) on disposal of assets	9(a)	(2,334,991)	0	(149,356)
		11,063,020	18,274,800	2,527,252
		(3,074,339)	7,386,200	(4,687,373)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	30,033,843	0	(15,966,196)
Total other comprehensive income		30,033,843	0	(15,966,196)
Total comprehensive income		26,959,504	7,386,200	(20,653,569)

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6,448,202	5,702,964
Trade and other receivables	5	5,739,441	1,852,169
Inventories	6	125,656	116,553
TOTAL CURRENT ASSETS		12,313,299	7,671,686
NON-CURRENT ASSETS			
Other receivables	5	37,994	37,994
Property, plant and equipment	7	39,715,409	35,323,222
Infrastructure	8	160,617,158	136,427,036
TOTAL NON-CURRENT ASSETS		200,370,561	171,788,252
TOTAL ASSETS		212,683,860	179,459,938
CURRENT LIABILITIES			
Trade and other payables	11	3,099,057	2,393,662
Current portion of long term borrowings	12(a)	176,969	141,083
Provisions	13	935,639	971,092
TOTAL CURRENT LIABILITIES		4,211,665	3,505,837
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	7,426,905	1,882,179
Provisions	13	151,973	138,109
TOTAL NON-CURRENT LIABILITIES		7,578,878	2,020,288
TOTAL LIABILITIES		11,790,543	5,526,125
NET ASSETS		200,893,317	173,933,813
EQUITY			
Retained surplus		68,470,244	71,396,585
Reserves - cash backed	4	1,552,654	1,700,652
Revaluation surplus	10	130,870,419	100,836,576
TOTAL EQUITY		200,893,317	173,933,813

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 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	10	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
Comprehensive income					
Net result		(3,074,339)	0	0	(3,074,339)
Changes on revaluation of assets	10	0	0	30,033,843	30,033,843
Total comprehensive income		(3,074,339)	0	30,033,843	26,959,504
Transfers from/(to) reserves		147,998	(147,998)	0	0
Balance as at 30 June 2018		68,470,244	1,552,654	130,870,419	200,893,317

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
CASH FLOWS FROM OPERATING ACTIVITIES		\$	\$	\$
Receipts				
Rates		6,230,547	7,279,800	6,808,020
Operating grants, subsidies and contributions		3,422,564	3,903,700	10,390,070
Fees and charges		3,686,387	3,307,600	2,632,105
Interest earnings		269,044	364,200	311,120
Goods and services tax		827,818	160,128	0
Other revenue		908,314	861,000	1,858,052
		15,344,674	15,876,428	21,999,367
Payments				
Employee costs		(6,467,520)	(6,826,400)	(7,202,191)
Materials and contracts		(12,064,492)	(8,681,659)	(11,190,801)
Utility charges		(884,086)	(847,700)	(805,002)
Interest expenses		(1,204,495)	(181,499)	1,010,546
Insurance expenses		(888,991)	(839,400)	(903,388)
Goods and services tax		(1,141,118)	(160,128)	138,959
Other expenditure		(1,048,665)	(545,701)	(1,373,475)
		(23,699,367)	(18,082,487)	(20,325,352)
Net cash provided by (used in) operating activities	14	(8,354,693)	(2,206,059)	1,674,015
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(5,142,408)	(1,448,000)	(1,442,103)
Payments for construction of infrastructure		(4,833,285)	(23,919,900)	(3,938,349)
Non-operating grants, subsidies and contributions		13,318,649	18,274,800	2,673,608
Proceeds from sale of fixed assets		176,363	605,000	16,364
Net cash provided by (used in) investment activities		3,519,319	(6,488,100)	(2,690,480)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(130,588)	(211,600)	(133,266)
Proceeds from new long term borrowings		5,711,200	5,711,200	0
Net cash provided by (used in) financing activities		5,580,612	5,499,600	(133,266)
Net increase (decrease) in cash held		745,238	(3,194,559)	(1,149,731)
Cash at beginning of year		5,702,964	5,660,173	6,852,695
Cash and cash equivalents at the end of the year	14	6,448,202	2,465,614	5,702,964

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

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
		2,606,280	(1,074,237)	2,456,164
		2,606,280	(1,074,237)	2,456,164
Revenue from operating activities (excluding rates)				
Governance		120,754	99,000	109,352
General purpose funding		4,421,815	2,653,300	6,889,641
Law, order, public safety		275,036	65,800	65,942
Health		358,498	557,300	532,191
Education and welfare		455,304	430,800	559,470
Housing		35,556	19,100	18,519
Community amenities		1,982,068	1,807,500	1,761,592
Recreation and culture		365,038	424,000	713,762
Transport		2,646,607	1,818,400	2,852,659
Economic services		304,987	282,300	257,472
Other property and services		395,391	279,000	357,519
		11,361,054	8,436,500	14,118,119
Expenditure from operating activities				
Governance		(1,379,260)	(1,658,400)	(1,299,800)
General purpose funding		(304,191)	(388,900)	(737,982)
Law, order, public safety		(664,965)	(466,700)	(437,681)
Health		(885,111)	(1,064,000)	(737,599)
Education and welfare		(800,297)	(911,300)	(792,750)
Housing		(154,580)	(245,774)	(394,646)
Community amenities		(4,053,712)	(4,084,300)	(4,025,238)
Recreation and culture		(5,032,872)	(4,208,300)	(4,228,210)
Transport		(18,318,709)	(10,594,554)	(12,741,902)
Economic services		(854,784)	(1,178,572)	(1,227,716)
Other property and services		(2,114,697)	(1,304,100)	(1,649,158)
		(34,563,178)	(26,104,900)	(28,272,682)
Operating activities excluded				
(Profit) on disposal of assets	9(a)	(79,362)	0	(3,000)
Loss on disposal of assets	9(a)	2,334,991	0	149,356
Movement in employee benefit provisions (non-current)		13,864	0	6,462
Depreciation and amortisation on assets	9(b)	8,995,235	9,062,900	9,053,918
Amount attributable to operating activities		(9,331,116)	(9,679,737)	(2,491,663)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		13,318,649	18,274,800	2,673,608
Proceeds from disposal of assets	9(a)	176,363	605,000	16,364
Purchase of property, plant and equipment	7(b)	(5,142,408)	(1,448,000)	(1,442,103)
Purchase and construction of infrastructure	8(b)	(4,833,285)	(23,919,900)	(3,938,349)
Amount attributable to investing activities		3,519,319	(6,488,100)	(2,690,480)
FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(130,588)	(211,600)	(133,266)
Proceeds from new long term borrowings	12(b)	5,711,200	5,711,200	0
Transfers to reserves (restricted assets)	4	(304,122)	(450,000)	(641,403)
Transfers from reserves (restricted assets)	4	452,120	4,338,437	1,769,510
Amount attributable to financing activities		5,728,610	9,388,037	994,841
Surplus(deficiency) before general rates		(83,187)	(6,779,800)	(4,187,302)
Total amount raised from general rates	19	6,809,136	6,779,800	6,793,582
Net current assets at June 30 c/fwd - surplus/(deficit)	20	6,725,949	0	2,606,280

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

1. 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 and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of state or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008 have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

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 25 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
Other revenue		
Reimbursements and recoveries	9,949	752,591
Other	898,365	1,105,461
	908,314	1,858,052
Fees and Charges		
Governance	22,670	39,282
General purpose funding	14,845	17,430
Law, order, public safety	18,369	24,997
Health	38,539	37,703
Education and welfare	4,471	10,742
Housing	35,400	16,119
Community amenities	1,980,043	1,759,567
Recreation and culture	123,607	138,333
Transport	1,364,422	488,285
Economic services	44,515	29,655
Other property and services	39,506	21,748
	3,686,387	2,583,861

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	4,145,545	6,527,828
Health	482,485	490,094
Education and welfare	412,543	517,692
Community amenities	2,025	2,025
Recreation and culture	50,925	415,659
Transport	1,195,755	1,399,402
Economic services	36,478	0
Other property and services	92,191	9,386
	6,417,947	9,362,086
Non-operating grants, subsidies and contributions		
Law, order, public safety	231,000	0
Recreation and culture	41,211	100,000
Transport	13,046,438	2,573,608
	13,318,649	2,673,608
Total grants, subsidies and contributions	19,736,596	12,035,694

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)

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 18.

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 period.

Interest earnings

- Reserve funds
- Other funds
Other interest revenue (refer note 19(c))

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
- Reserve funds	0	38,000	72,684
- Other funds	47,360	55,200	40,528
Other interest revenue (refer note 19(c))	221,684	271,000	197,908
	269,044	364,200	311,120

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other Services
- Audit fees associated with grant acquittals

Interest expenses (finance costs)

- Long term borrowings (refer Note 12(a))
- Interest on overdraft

Rental charges

- Operating leases

	2018	2017
	\$	\$
	46,903	85,355
	20,232	0
	16,060	20,950
	83,195	106,305
	115,596	133,789
	29,239	0
	144,835	133,789
	0	5,691
	0	5,691

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018	2017
		\$	\$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,298,588	2,283,504
Restricted		5,149,614	3,419,460
		6,448,202	5,702,964
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	4	452,441	452,441
Office building reserve	4	814,511	583,330
Airport reserve	4	28,456	28,456
Wharf maintenance reserve	4	3,721	3,721
Economic development reserve	4	19,936	19,935
Fitzroy resource centre reserve	4	46,771	46,771
Staff housing reserve	4	159,965	159,965
Admin building construction reserve	4	0	299,180
Energy developments reserve	4	26,853	106,853
Unspent grants	18	2,373,615	1,718,808
Unspent loans	12(c)	1,223,345	0
		5,149,614	3,419,460

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

Cash and cash equivalents (Continued)

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave reserve	452,441	950	(950)	452,441	452,441	0	0	452,441	441,107	11,334	0	452,441
Office building reserve	583,330	301,034	(69,853)	814,511	0	0	0	0	0	583,330	0	583,330
Historical reserve	0	0	0	0	0	0	0	0	29,871	768	(30,639)	0
Plant reserve	0	0	0	0	0	0	0	0	93,882	2,412	(96,294)	0
Airport reserve	28,456	60	(60)	28,456	28,455	0	0	28,455	27,743	713	0	28,456
Wharf maintenance reserve	3,721	8	(8)	3,721	3,721	0	0	3,721	3,628	93	0	3,721
Economic development reserve	19,935	42	(41)	19,936	19,936	0	0	19,936	19,436	499	0	19,935
Fitzroy resource centre reserve	46,771	98	(98)	46,771	46,771	0	0	46,771	45,599	1,172	0	46,771
Staff housing reserve	159,965	1,120	(1,120)	159,965	159,965	150,000	0	309,965	650,549	16,716	(507,300)	159,965
Capital works reserve	0	0	0	0	0	300,000	(140,237)	159,763	442,261	11,364	(453,625)	0
Office equipment reserve	0	0	0	0	0	0	0	0	32,110	825	(32,935)	0
Admin building construction reserve	299,180	462	(299,642)	0	882,510	0	0	882,510	860,402	7,495	(568,717)	299,180
Energy developments reserve	106,853	348	(80,348)	26,853	106,852	0	(80,000)	26,852	182,171	4,682	(80,000)	106,853
	1,700,652	304,122	(452,120)	1,552,654	1,700,651	450,000	(220,237)	1,930,414	2,828,759	641,403	(1,769,510)	1,700,652

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.

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 FX 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 Ltd 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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

5. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding
Sundry debtors
GST receivable
Other receivables
Accrued income
Provision for doubtful debts

Non-current

Rates outstanding - pensioners

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

Rates outstanding

Includes:

Past due and not impaired

- 1 to 3 months
- 3 months to one year
- 1 to 5 years
- more than 5 years

Sundry debtors

Includes:

Past due and not impaired

- up to one month
- 1 to 3 months
- 3 months to one year
- 1 to 5 years
- more than 5 years

	2018	2017
	\$	\$
Rates outstanding	2,404,760	1,826,171
Sundry debtors	3,426,543	354,353
GST receivable	519,749	206,449
Other receivables	43,638	118,330
Accrued income	0	21,449
Provision for doubtful debts	(655,249)	(674,583)
	5,739,441	1,852,169
Rates outstanding - pensioners	37,994	37,994
	37,994	37,994
- 1 to 3 months	6,470	13,937
- 3 months to one year	45,283	12,463
- 1 to 5 years	1,358,815	883,786
- more than 5 years	455,081	407,582
- up to one month	41,337	1,143
- 1 to 3 months	9,050	7,891
- 3 months to one year	25,933	6,191
- 1 to 5 years	31,582	7,387
- more than 5 years	35,941	47,445

SIGNIFICANT ACCOUNTING POLICIES

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.

Classification and subsequent measurement

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6. INVENTORIES

Current

Inventories - Fuel and Materials

2018	2017
\$	\$
125,656	116,553
125,656	116,553

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

7 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	3,190,000	3,190,000
- Management valuation 2017 - level 3	353,000	353,000
	3,543,000	3,543,000
Total land	3,543,000	3,543,000
Buildings at:		
- Independent valuation 2017 - level 2	35,113,066	35,225,612
- Management valuation 2017 - level 3	0	1,871,000
- Transfers to Footpaths and Building and Structures	0	(7,123,755)
- Less accumulated depreciation	(838,015)	0
	34,275,051	29,972,857
Total buildings	34,275,051	29,972,857
Total land and buildings	37,818,051	33,515,857
Furniture and equipment at:		
- Management valuation 2016 - level 2	30,704	30,705
Furniture and equipment - Less: accumulated depreciation	(7,118)	(3,445)
	23,586	27,260
Plant and equipment at:		
- Management valuation 2016 - level 2	2,405,271	2,143,236
Plant and equipment - Less: accumulated depreciation	(655,579)	(445,628)
	1,749,692	1,697,608
Computer equipment at:		
- Management valuation 2016 - level 2	193,384	124,746
Computer equipment - Less: accumulated depreciation	(69,304)	(42,249)
	124,080	82,497
Total property, plant and equipment	39,715,409	35,323,222

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7. 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.

	Land - freehold land	Buildings	Furniture and equipment	Plant and equipment	Computer equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	6,927,000	38,702,790	24,116	2,107,085	110,624	47,871,615
Additions	0	1,352,377	6,589	69,015	14,122	1,442,103
(Disposals)	0	(137,981)	0	(24,739)	0	(162,720)
Revaluation increments/ (decrements) transferred to revaluation surplus	(3,384,000)	(2,818,151)	0	0	0	(6,202,151)
Depreciation (expense)	0	(917,671)	(3,445)	(453,753)	(42,249)	(1,417,118)
Transfers	0	(6,208,507)	0	0	0	(6,208,507)
Carrying amount at 30 June 2017	3,543,000	29,972,857	27,260	1,697,608	82,497	35,323,222
Additions	0	4,655,209	0	418,560	68,639	5,142,408
(Disposals)	0	0	0	(97,001)	0	(97,001)
Depreciation (expense)	0	(777,390)	(3,674)	(269,475)	(27,056)	(1,077,595)
Transfers	0	424,375	0	0		424,375
Carrying amount at 30 June 2018	3,543,000	34,275,051	23,586	1,749,692	124,080	39,715,409

7. 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 and buildings					
Land - freehold land	Level 2	Market approach using recent observable market data for similar properties / income approach using discounted cash flow 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 2	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuer	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	Independent valuer	August 2016	Observable market data
Plant and equipment					
	Level 2	Market approach using recent observable market data for similar items	Independent 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	Independent valuer	August 2016	Observable market data

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 level 2 inputs.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Roads		
- Management valuation 2018 - level 3	120,077,100	159,758,792
- Transfer from parks and reserves	0	35,993
Roads - Less: accumulated depreciation	0	(50,544,643)
	<u>120,077,100</u>	<u>109,250,142</u>
Footpaths		
- Management valuation 2018 - level 3	2,142,100	2,908,698
- Transfer from land and buildings	0	52,930
Footpaths - Less: accumulated depreciation	0	(1,420,605)
	<u>2,142,100</u>	<u>1,541,023</u>
Drainage		
- Management valuation 2018 - level 3	5,706,799	5,939,431
	<u>5,706,799</u>	<u>5,939,431</u>
Airports		
- Independent valuation 2018 - level 3	18,316,973	8,665,695
	<u>18,316,973</u>	<u>8,665,695</u>
Derby Wharf and Precinct		
- Management valuation 2018 - level 3	3,477,264	3,077,857
	<u>3,477,264</u>	<u>3,077,857</u>
Street Furniture		
- Management valuation 2018 - level 3	0	55,039
	<u>0</u>	<u>55,039</u>
Buildings and Structures		
- Transfers from land and buildings	9,267,522	7,070,825
Buildings and Structures - Less: accumulated depreciation	0	(1,273,283)
	<u>9,267,522</u>	<u>5,797,542</u>
Land, Parks and Reserves		
- Management valuation 2018 - level 3	1,629,400	2,100,307
	<u>1,629,400</u>	<u>2,100,307</u>
Total infrastructure	<u>160,617,158</u>	<u>136,427,036</u>

8. 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.

	Roads	Footpaths	Drainage	Airports	Derby Wharf and Precinct	Street Furniture	Buildings and Structures	Land, Parks and Reserves	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	120,857,308	1,553,463	6,569,609	9,469,320	2,847,674	65,045	0	2,318,606	143,681,025
Additions	3,523,983	77,341	61,516	0	275,509	0	0	0	3,938,349
Revaluation increments/ (decrements) transferred to revaluation surplus	(9,764,045)	0	0	0	0	0	0	0	(9,764,045)
Depreciation (expense)	(5,367,104)	(142,711)	(691,694)	(803,625)	(45,326)	(10,006)	(358,035)	(218,299)	(7,636,800)
Transfers	0	52,930	0	0	0	0	6,155,577	0	6,208,507
Carrying amount at 30 June 2017	109,250,142	1,541,023	5,939,431	8,665,695	3,077,857	55,039	5,797,542	2,100,307	136,427,036
Additions	373,222	63,008	69,040	1,266,428	897,755	0	2,163,832	0	4,833,285
(Disposals)	(46,282)	0	0	0	0	0	(1,757,268)	(531,441)	(2,334,991)
Revaluation increments/ (decrements) transferred to revaluation surplus	16,589,372	192,005	390,445	9,427,280	0	0	2,667,627	767,114	30,033,843
Depreciation (expense)	(5,569,721)	(153,936)	(692,117)	(755,330)	(96,000)	0	(521,786)	(128,750)	(7,917,640)
Transfers	(519,633)	500,000	0	(287,100)	(402,348)	(55,039)	917,575	(577,830)	(424,375)
Carrying amount at 30 June 2018	120,077,100	2,142,100	5,706,799	18,316,973	3,477,264	0	9,267,522	1,629,400	160,617,158

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Footpaths	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Drainage	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Airports	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Derby Wharf and Precinct	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Street Furniture	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Buildings and Structures	Level 2	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Perth based construction rates with appropriate district allowance applied to each location
Land, Parks and Reserves	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 2 and level 3 inputs.

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each 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.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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.

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 Standards 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 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.

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

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
	\$	\$	\$	\$	\$	\$	\$	\$
Governance								
Plant and Equipment	25,167	40,000	14,833	0	0	0	0	0
Law, order, public safety								
Other Structures	245,851	0	0	(245,851)	0	0	0	0
Plant	10,572	15,455	4,883	0	0	0	0	0
Health								
Plant	48,759	98,182	49,423	0	0	0	0	0
Education and welfare								
Buildings	36,342	0	0	(36,342)	0	0	0	0
Housing								
Buildings	0	0	0	0	450,000	450,000	0	0
Community amenities								
Other Structures	202,737	0	0	(202,737)	0	0	0	0
Recreation and culture								
Other Structures	726,652	0	0	(726,652)	0	0	0	0
Parks	531,440	0	0	(531,440)	0	0	0	0
Plant	12,503	22,726	10,223	0	0	0	0	0
Transport								
Vehicles	0	0	0	0	55,000	55,000	0	0
Plant and Machinery	0	0	0	0	100,000	100,000	0	0
Other Structures	429,607	0	0	(429,607)	0	0	0	0
Roads	46,282	0	0	(46,282)	0	0	0	0
Street Furniture	45,033	0	0	(45,033)	0	0	0	0
Economic services								
Other Structures	71,047	0	0	(71,047)	0	0	0	0
	2,431,992	176,363	79,362	(2,334,991)	605,000	605,000	0	0

(b) Depreciation

	2018	2017
	\$	\$
Buildings	777,390	917,671
Furniture and equipment	3,674	3,445
Plant and equipment	269,475	453,753
Computer equipment	27,056	42,249
Roads	5,569,721	5,367,104
Footpaths	153,936	142,711
Drainage	692,117	691,694
Airports	755,330	803,625
Derby Wharf and Precinct	96,000	45,326
Street Furniture	0	10,006
Buildings and Structures	521,786	358,035
Land, Parks and Reserves	128,750	218,299
	8,995,235	9,053,918

9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

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
Paintings 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

Depreciation (Continued)

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.

10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	12,218,340	0	0	0	12,218,340	18,420,491	0	(6,202,151)	(6,202,151)	12,218,340
Plant and equipment	538,090	0	0	0	538,090	538,090	0	0	0	538,090
Infrastructure - Roads	76,414,958	16,589,372	0	16,589,372	93,004,330	86,179,003	0	(9,764,045)	(9,764,045)	76,414,958
Infrastructure - Footpaths	0	192,005	0	192,005	192,005	0	0	0	0	0
Infrastructure - Drainage	4,685,908	390,445	0	390,445	5,076,353	4,685,908	0	0	0	4,685,908
Infrastructure - Airports	5,418,428	9,427,280	0	9,427,280	14,845,708	5,418,428	0	0	0	5,418,428
Infrastructure - Buildings an	0	2,667,627	0	2,667,627	2,667,627	0	0	0	0	0
Infrastructure - Land, Parks	1,560,852	767,114	0	767,114	2,327,966	1,560,852	0	0	0	1,560,852
	100,836,576	30,033,843	0	30,033,843	130,870,419	116,802,772	0	(15,966,196)	(15,966,196)	100,836,576

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued expenditure
ATO liabilities
Other current liabilities

	2018	2017
	\$	\$
	2,703,417	1,018,966
	84,675	1,144,335
	187,145	155,177
	123,820	75,184
	3,099,057	2,393,662

SIGNIFICANT ACCOUNTING POLICIES

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

Trade and other payables (Continued)

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.

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
Loan 136 - Staff Housing	155,446	0	18,145	18,146	137,301	137,300	9,904	9,904
Loan 146 - Staff Housing	730,570	0	37,635	37,635	692,935	692,935	45,659	45,659
Loan 148 - Staff Housing	330,485	0	15,853	15,853	314,632	314,632	14,663	14,663
Recreation and culture								
Loan 135 - Civic Centre Renovations	108,631	0	28,992	29,011	79,639	79,620	7,445	5,500
Transport								
Loan 145 - Wharf Fenders, Boat Ramp	285,024	0	10,147	20,641	274,877	264,383	19,551	19,233
Loan 150 - Derby Airport Infrastructure	0	3,194,100	0	54,037	3,194,100	3,140,063	0	60,688
Loan 151 - Fitzroy Airport Infrastructure	0	396,000	0	16,461	396,000	379,539	0	7,524
Loan 152 - Derby Wharf Infrastructure	0	2,121,100	0	0	2,121,100	2,121,100	0	0
Economic services								
Loan 149 - Derby Visitors Centre	413,106	0	19,816	19,816	393,290	393,290	18,374	18,328
	<u>2,023,262</u>	<u>5,711,200</u>	<u>130,588</u>	<u>211,600</u>	<u>7,603,874</u>	<u>7,522,862</u>	<u>115,596</u>	<u>181,499</u>

All loan repayments were financed by general purpose revenue.

Borrowings

	2018	2017
	\$	\$
Current	176,969	141,083
Non-current	7,426,905	1,882,179
	<u>7,603,874</u>	<u>2,023,262</u>

12. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Derby Airport infrastructure	3,194,100	3,194,100	WATC	Debenture	20	1,394,900	3.80%	3,194,100	3,194,100	0
Fitzroy Wharf revitalisation	396,000	396,000	WATC	Debenture	10	83,700	3.80%	396,000	396,000	0
Derby Wharf revitalisation	2,121,100	2,121,100	WATC	Debenture	20	926,300	3.80%	897,755	2,121,100	1,223,345
	5,711,200	5,711,200				2,404,900		4,487,855	5,711,200	1,223,345

(c) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 17	Borrowed During Year	Expended During Year	Unspent Balance 30 June 18
Derby Wharf revitalisation	June 2018	\$ 0	\$ 2,121,100	\$ (897,755)	\$ 1,223,345
		0	2,121,100	(897,755)	1,223,345

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2018	2017
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	(13,074)	(589)
Total amount of credit unused	36,926	49,411

Loan facilities

Loan facilities - current	176,969	141,083
Loan facilities - non-current	7,426,905	1,882,179
Total facilities in use at balance date	7,603,874	2,023,262

Unused loan facilities at balance date

1,223,345 NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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.

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.

13. PROVISIONS

Opening balance at 1 July 2017

Current provisions
Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2018

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Current provisions	538,431	432,661	971,092
Non-current provisions	0	138,109	138,109
	538,431	570,770	1,109,201
Additional provision	430,813	57,723	488,536
Amounts used	(414,564)	(95,561)	(510,125)
	554,680	532,932	1,087,612
Current	554,680	380,959	935,639
Non-current	0	151,973	151,973
	554,680	532,932	1,087,612

SIGNIFICANT ACCOUNTING POLICIES

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.

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

14. NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	6,448,202	2,465,614	5,702,964

**Reconciliation of Net Cash Provided By
Operating Activities to Net Result**

Net result	(3,074,339)	7,386,200	(4,687,373)
Non-cash flows in Net result:			
Depreciation	8,995,235	9,062,900	9,053,918
(Profit)/loss on sale of asset	2,255,629	0	146,356
Reversal of loss on revaluation of fixed assets	0	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(3,887,272)	500,000	1,229,625
(Increase)/decrease in inventories	(9,103)	0	(13,248)
Increase/(decrease) in payables	705,395	(880,359)	(1,383,464)
Increase/(decrease) in provisions	(21,589)	0	1,809
Grants contributions for the development of assets	(13,318,649)	(18,274,800)	(2,673,608)
Net cash from operating activities	(8,354,693)	(2,206,059)	1,674,015

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	2,434,729	2,455,301
General purpose funding	3,523,282	5,459,876
Law, order, public safety	733,882	668,165
Health	486,513	162,524
Education and welfare	1,371,150	1,321,763
Housing	8,081,691	8,273,840
Community amenities	1,285,824	882,869
Recreation and culture	17,806,997	17,617,475
Transport	168,965,949	134,967,621
Economic services	5,184,134	5,080,207
Other property and services	2,809,709	2,570,297
	212,683,860	179,459,938

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

16. CONTINGENT LIABILITIES

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

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

Until the Shire conducts an investigation to determine the presence and scope of contamination, by assessing the risk and agreeing with the Department of Environment regulation, the need and criteria for investigation and remediation will remain on a staged, risk based approach. This approach is consistent with the Department of Environment Regulation Guidelines.

17. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Members attendance fees	149,103	154,125	148,575
President's allowance	26,629	25,000	38,418
Deputy President's allowance	9,604	25,000	9,604
Travelling expenses	5,540	24,500	14,380
Telecommunications allowance	0	30,600	28,000
Other allowances	11,789	0	0
	<u>202,665</u>	<u>259,225</u>	<u>238,977</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2018	2017
	\$	\$
Short-term employee benefits	1,174,622	1,338,730
Post-employment benefits	115,256	121,775
Other long-term benefits	169,660	174,879
Termination benefits	43,754	0
	<u>1,503,292</u>	<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 which may be found above.

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.

Termination benefits

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

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Purchase of goods and services	113,477	0
Commercial leasing	200	0
Amounts outstanding from related parties:		
Trade and other receivables	13,834	0

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

18. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾ 1/07/16	2016/17	2016/17	Balance ⁽¹⁾ 30/06/17	2017/18	2017/18	Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Governance							
Landcorp - Street Numbering Initiative	21,440	0	0	21,440	0	0	21,440
Health							
Office of Aboriginal Health	205,165	477,542	(465,787)	216,920	497,326	(591,099)	123,147
Department of Health	4,645	0	(4,645)	0	408,948	(77,010)	331,938
Department of Health	21,356	12,552	(13,059)	20,849	979	(3,792)	18,036
Education and welfare							
Dept Local Government	7,274	0	(29)	7,245	0	(7,245)	0
Various Youth Services	0	379,137	(379,137)	0	0	0	0
Dept Corrective Services	8,874	0	(74)	8,800	0	(8,800)	0
Dept Corrective Services	3,877	0	(441)	3,436	0	(3,436)	0
Dept of Prime Minister & Cabinet	100,319	284,280	(91,731)	292,868	477,080	(769,948)	0
Dept of Prime Minister & Cabinet	0	52,601	(41,224)	11,377	0	(11,377)	0
Kimberley Development Commission	0	50,000	0	50,000	0	(50,000)	0
Dept of Sport & Recreation	0	35,000	0	35,000	0	(35,000)	0
Housing							
Country Local Government Fund	8,976	0	(8,976)	0	0	0	0
Community amenities							
Dept of Planning	16,200	2,025	(6,639)	11,586	2,025	(13,611)	0
Dept of Planning	20,678	0	(1,550)	19,128	0	(19,128)	0
WA Police	0	0	0	0	361,000	(216,621)	144,379
Recreation and culture							
Children's Book Council	4,132	0	0	4,132	0	(4,132)	0
Lotterywest	22,466	0	0	22,466	0	(22,466)	0
Dept Sport & Recreation	4,763	32,000	(26,853)	9,910	0	(9,910)	0
Kimberley Development Commission	15,795	0	0	15,795	0	(15,795)	0
Dept of Sport & Recreation	50,650	8,800	(31,757)	27,693	0	(27,693)	0
Country Local Government Fund	96,712	50,000	(77,344)	69,368	0	(69,368)	0
Horizon Power - Street Lights Competition	0	200	(200)	0	0	0	0
Dept of Sport & Recreation - CDO	0	60,000	(60,000)	0	0	0	0
Road Safety Commission	0	1,000	(1,000)	0	0	0	0
Kimberley Development Commission	0	50,000	0	50,000	41,211	(41,211)	50,000
Transport							
Regional Road Group RC035	169,612	772,773	(942,385)	0	272,404	(119,768)	152,636
Main Roads WA	82,447	0	0	82,447	203,867	(82,447)	203,867
Dept of Parks & Wildlife	180,000	0	0	180,000	35,295	(215,295)	0
Multipurpose Transport Facility	1,824,741	0	(1,824,741)	0	0	0	0
RADS - Fitzroy Crossing Airport	0	50,000	0	50,000	399,217	(449,217)	0
WALGGC Aboriginal Access Roads	433,399	225,000	(320,114)	338,285	264,000	0	602,285
MRWA Aboriginal Access Roads	172,291	157,500	(159,728)	170,063	51,280	0	221,343
Dept of Parks and Wildlife	0	0	0	0	239,540	(105,489)	134,051
Dept of Infrastructure R2R	0	0	0	0	951,758	(616,758)	335,000
Main Roads Black Spot	0	0	0	0	35,493	0	35,493
Economic services							
Tourism WA	15,790	0	(15,790)	0	0	0	0
Total	3,491,602	2,700,410	(4,473,204)	1,718,808	4,241,423	(3,586,616)	2,373,615

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) - New 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

19. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$
Differential general rate / general rate									
Gross rental valuations									
GRV	12.4458	1,312	26,366,074	3,281,469	37,759	3,319,228	4,682,624	5,000	4,687,624
Commercial	12.4458	99	8,048,864	1,001,746	0	1,001,746	0	0	0
Industrial	12.4458	70	2,229,976	277,538	0	277,538	0	0	0
Special Rural	12.4458	8	75,518	9,399	0	9,399	0	0	0
Other Locations	12.4458	6	101,700	12,657	0	12,657	0	0	0
Unimproved valuations									
Residential	21.3944	1	22,500	4,814	0	4,814	4,814	0	4,814
Commercial	21.3944	1	75,000	16,046	0	16,046	16,046	0	16,046
Other Locations	21.3944	1	250,000	53,486	0	53,486	37,440	0	37,440
Concessions Raised	21.3944	4	174,500	37,333	0	37,333	144,412	0	144,412
Islands	21.3944	3	675,000	144,412	0	144,412	53,486	0	53,486
Mining	26.4530	89	2,572,144	680,258	146,931	827,189	732,535	25,000	757,535
Pastoral	6.3544	40	14,588,938	927,039	0	927,039	928,915	0	928,915
Sub-Total		1,634	55,180,214	6,446,197	184,690	6,630,888	6,600,272	30,000	6,630,272
Minimum payment									
Minimum \$									
Gross rental valuations									
GRV	956	134	457,070	128,104	0	128,104	161,564	0	161,564
Commercial	956	13	78,250	12,428	0	12,428	0	0	0
Industrial	956	3	11,400	2,868	0	2,868	0	0	0
Special Rural	956	21	144,088	20,076	0	20,076	0	0	0
Unimproved valuations									
Mining	956	86	99,090	82,216	0	82,216	62,140	0	62,140
Pastoral	956	4	28,500	3,824	0	3,824	3,824	0	3,824
Sub-Total		261	818,398	249,516	0	249,516	227,528	0	227,528
		1,895	55,998,612	6,695,713	184,690	6,880,404	6,827,800	30,000	6,857,800
Discounts (refer note 19(b))						(71,268)			(78,000)
Total amount raised from general rate						6,809,136			6,779,800
Concessions (refer to note 19(b))						(168,026)			(155,000)
Totals						6,641,110			6,624,800

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

19. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Discount on Current Rates	2.00%	77,392	71,268	78,000	
			71,268	78,000	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$
Rates Concessions	Concession		147,700	168,026	155,000
Staff Use of Shire Facilities	Waiver		55,000	103,203	600
Royal Flying Doctor Service	Facility Hire Charges		2,000	600	35,000
Write off receivables	Write-Off		240,000	0	0
				271,829	190,600

19. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	16-Oct-17			11.00%
Option Two				
First instalment	16-Oct-17		5.50%	11.00%
Second instalment	18-Dec-17	10	5.50%	11.00%
Option Three				
First instalment	16-Oct-17		5.50%	11.00%
Second instalment	18-Dec-17	10	5.50%	11.00%
Third instalment	19-Feb-18	10	5.50%	11.00%
Fourth instalment	24-Apr-18	10	5.50%	11.00%

	2018	
	2018	Budget
	\$	\$
Interest on unpaid rates	201,465	250,000
Interest on instalment plan	20,219	21,000
Charges on instalment plan	10,430	10,500
	<u>232,114</u>	<u>281,500</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

20. NET CURRENT ASSETS

Composition of net current assets for
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	6,725,949	2,606,280	2,606,280
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,298,588	2,283,504	2,283,504
Restricted	5,149,614	3,419,460	3,419,460
Receivables			
Rates outstanding	2,404,760	1,826,171	1,826,171
Sundry debtors	3,426,543	354,353	354,353
GST receivable	519,749	206,449	206,449
Other receivables	43,638	118,330	118,330
Accrued income	0	21,449	21,449
Provision for doubtful debts	(655,249)	(674,583)	(674,583)
Inventories			
Inventories - Fuel and Materials	125,656	116,553	116,553
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(2,703,417)	(1,018,966)	(1,018,966)
Accrued expenditure	(84,675)	(1,144,335)	(1,144,335)
ATO liabilities	(187,145)	(155,177)	(155,177)
Other current liabilities	(123,820)	(75,184)	(75,184)
Current portion of long term borrowings	(176,969)	(141,083)	(141,083)
Provisions			
Provision for annual leave	(554,680)	(538,431)	(538,431)
Provision for long service leave	(380,959)	(432,661)	(432,661)
Unadjusted net current assets	8,101,634	4,165,849	4,165,849
Adjustments			
Less: Reserves - restricted cash	(1,552,654)	(1,700,652)	(1,700,652)
Add: Current portion of long term borrowings	176,969	141,083	141,083
Adjusted net current assets - surplus/(deficit)	6,725,949	2,606,280	2,606,280

Difference

There was no difference between the deficit 1 July 2017 brought forward position used in the 2018 audited financial report and the deficit carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

21. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	6,448,202	5,702,964	6,448,202	5,702,964
Receivables	5,777,435	1,890,163	5,777,435	1,890,163
	12,225,637	7,593,127	12,225,637	7,593,127
Financial liabilities				
Payables	3,099,057	2,393,662	3,099,057	2,393,662
Borrowings	7,603,874	2,023,262	7,666,631	2,316,771
	10,702,931	4,416,924	10,765,688	4,710,433

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

21. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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.

Cash is 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.

Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	65,563	68,526
- Statement of Comprehensive Income	65,563	68,526

Notes:

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

21. 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:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	92.00%	33.00%
- Overdue	8.00%	67.00%

21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and 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 Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	3,099,057	0	0	3,099,057	3,099,057
Borrowings	551,005	2,634,303	4,842,930	8,028,238	7,603,874
	3,650,062	2,634,303	4,842,930	11,127,295	10,702,931
2017					
Payables	2,393,662	0	0	2,393,662	2,393,662
Borrowings	141,082	749,076	1,133,103	3,006,765	2,023,262
	2,534,744	749,076	1,133,103	5,400,427	4,416,924

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:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	0	79,639	0	0	137,300	7,386,935	7,603,874	3.24%
Weighted average Effective interest rate	0.00%	5.42%	0.00%	0.00%	6.58%	3.15%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	0	0	108,630	0	0	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%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

22. 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 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Pre-paid / Overpaid Rates	2,216	0	0	2,216
Deposits - Hall	6,795	11,220	(8,870)	9,145
Deposits - Other	327,268	10,724	(13,588)	324,404
BCITF Levies	5,146	23,465	(28,193)	418
BRB Levies	2,465	19,231	(21,662)	34
FX Visitors Centre Tour Groups	15,600	302,007	(207,560)	110,047
Sale of Art	4,810	16,205	(17,700)	3,315
Cemetery Publications	956	0	0	956
Parking / Footpath / Streets Contributions	285,361	0	0	285,361
Overpayments	500	0	(500)	0
Nomination Fees	0	560	(320)	240
Grants	91	0	0	91
	<u>651,208</u>			<u>736,227</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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 on 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 into the 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 when 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities	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.

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:

(i)	AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities		1 January 2017
(ii)	AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities		1 January 2017

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) 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.

Income approach

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

Cost approach

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

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

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

25. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	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	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
HEALTH	To provide an operational framework for environmental and community health.	Food quality and pest control, inspection of abattoir and operation of child health clinic, analytical testing and environmental health administration.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Year round care, housing for the aged and educational services.
HOUSING	Help ensure adequate housing.	Management and maintenance of staff and rental housing.
COMMUNITY AMENITIES	To provide services required by the community.	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	To establish and effectively manage infrastructure and resources which help the social well being of the community.	Maintenance and operation of the Town Hall, the aquatic centre, recreation centre, library, community arts program, cultural activities and various services.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	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	To help promote the Shire and its economic well being.	Building control, saleyards, tourism and area promotion, standpipes and pest control.
OTHER PROPERTY AND SERVICES	To monitor and control the Shire's overheads operating accounts.	Private works operations, plant repairs and operation costs, stock and materials, property leases and rental, salaries and wages for council employees.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.91	1.39	0.84
Asset consumption ratio	0.59	0.76	0.74
Asset renewal funding ratio*	NA	NA	NA
Asset sustainability ratio	0.58	0.52	0.36
Debt service cover ratio	(29.46)	6.84	(6.99)
Operating surplus ratio	(1.51)	(0.71)	(0.84)
Own source revenue coverage ratio	0.31	0.37	0.43

* The Asset Management Plan and Long Term Financial Plan do not contain the information required to calculate this ratio.

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

The asset renewal funding ratio cannot be calculated as this information is sourced from the adopted long term financial plan and the asset management plan. Neither of these plans had been adopted at the time of compiling the annual financial statements.

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	2,705,127	2,702,407	0
Amount of Financial Assistance Grant received in prior year relating to current year.	2,702,407	0	2,616,974
Amount of reimbursement for flood damage received	7,779,289	0	1,465,277
Expenditure on flood damage re-instatement	8,140,856	390,255	1,744,503

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.19	0.51	0.38
Debt service cover ratio	(18.47)	3.28	10.12
Operating surplus ratio	(4.45)	0.96	(0.65)

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

Opinion

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 2018, 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:

- i. is based on proper accounts and records; and
- ii. fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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 Shire 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.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

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

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF DERBY/WEST KIMBERLEY (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives of the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF THE SHIRE OF DERBY/WEST KIMBERLEY
(CONTINUED)****Report on Other Legal and Regulatory Requirements**

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

- a) In our opinion, the Shire experienced a significant adverse trend in both its financial position and its financial management practices as evidenced by:
- i. a significant structural deficit in the operating result for the years ended 30 June 2018 and 30 June 2017;
 - ii. a deterioration in the Operating Surplus Ratio which has also been trending downward over the longer term;
 - iii. inability to reconcile the year end position on a timely basis;
 - iv. level of preparedness for our audit visit;
 - v. ability to respond to requests for information in a timely manner; and
 - vi. quality of organisation and co-ordination of the information provided.
- b) The following material matters indicate non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of our audit.
- i. The annual budget was submitted to the Department 8 months after its adoption by Council. The annual budget is required to be submitted to the Departmental CEO within 30 days of its adoption by the Council.
 - ii. Accounting journal entries were posted without being reviewed by a person independent of the preparer. Accounting journals can represent significant adjustments to previously approved transactions and should therefore be appropriately reviewed and approved
- c) All required information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.
- e) In my opinion, the asset consumption ratio included in the annual financial report was supported by verifiable information and reasonable assumptions. The Asset Renewal Funding Ratio was not calculated and hence no review was carried out.

MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the annual financial report of the Shire of Derby/West Kimberley for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



GREG GODWIN
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 17th day of April 2019.