



Shire of Derby/West Kimberley

ANNUAL REPORT 2015-2016

Prepared by the Shire of Derby/West Kimberley
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ADMINISTRATION DETAILS

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OUR VISION, MISSION AND VALUES

OUR VISION

A friendly and diverse place with awesome opportunities

OUR MISSION

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

OUR VALUES

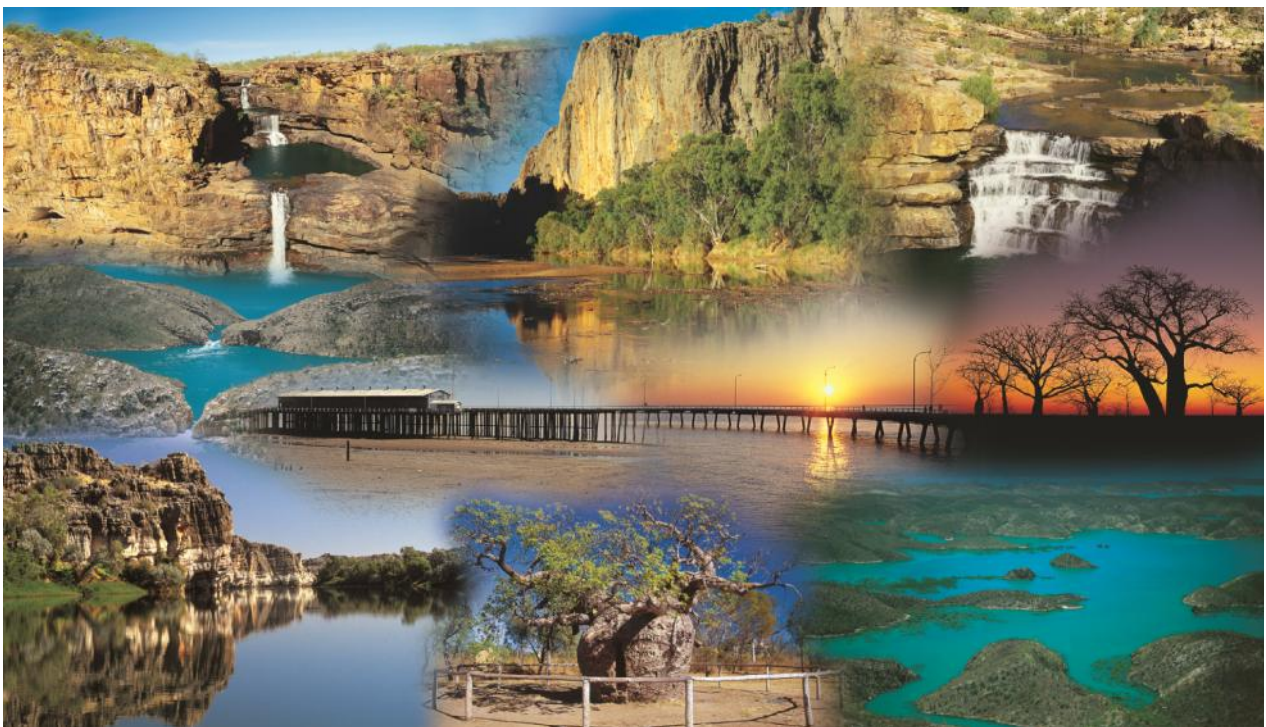
RESPECTFUL by being helpful, friendly and supportive

INTEGRITY through honesty, accountability and ethical behaviour

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

KNOWLEDGEABLE by being well informed and accurate in what we do

BUILDING GOOD RELATIONSHIPS by being communicative, responsive and inclusive



STRATEGIC GOALS AND OUTCOMES

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

OUR COMMUNITY AND ABORIGINAL HERITAGE

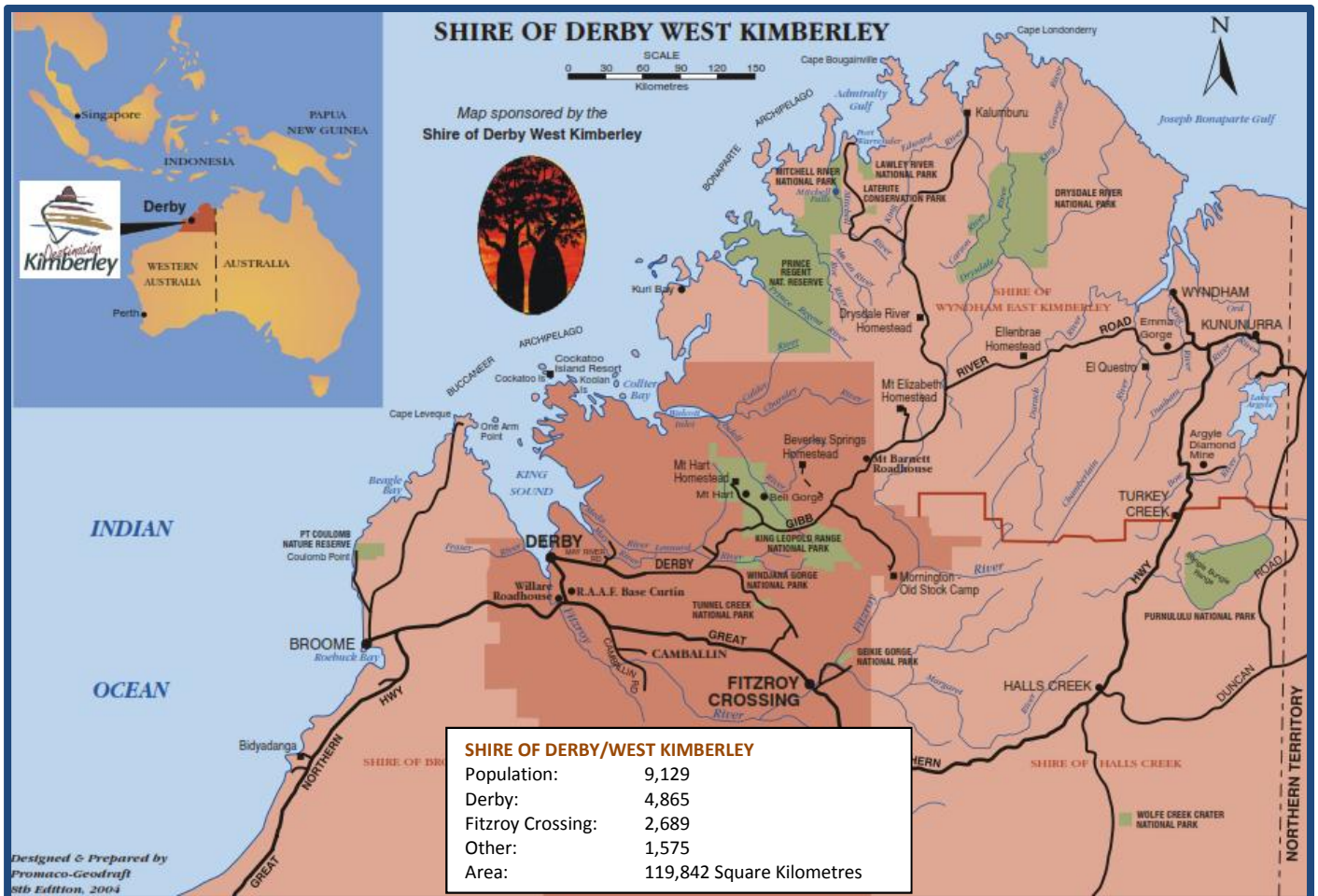
The Shire of Derby/West Kimberley covers a vast area servicing 54 Aboriginal communities and three towns. Derby and Fitzroy Crossing being the main population centres with a third township at Camballin. Derby is the major centre of the Shire and this is where the main Administration Centre is located.

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

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

The area now known as the Shire of Derby/West Kimberley has a diverse Indigenous Australian heritage. Across this area a large number of language and cultural groups have a long history that predates European contact. Traditionally, prior to contact, Aboriginal people from the Warrwa, Bardi, Jawi, Ngaringin, 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	\$7,178,570
<hr/>	
Operating Revenue	\$19,316,064
<hr/>	
Shire Employees (FTE)	67.63
<hr/>	

SHIRE PRESIDENT'S REPORT



2015-16 has again been a difficult year as we continue to feel the effects of the downturn of the mining industry and changes to Government policy. We will continue to deliver on the community's expectations and our vision of "A friendly and diverse place with awesome opportunities" while reflecting the prudence and financial responsibility demanded by the economic conditions.

The Shire continues to work on promoting opportunities in the West Kimberley to government and industry around agriculture in the Fitzroy Valley, oil and gas logistics support, mining and energy exploration in the Canning Basin and beyond, and tourism. While the housing down turn at the moment is having an impact, it also means that Derby is well placed with more affordable and available housing to support the next wave of development opportunities as they arise.

The Shire has invested significant resources in securing funding to redevelop the Derby Airport. This will see the construction of the new terminal using the gifted transportable buildings and upgrades to the aprons, fire fighting, potable water, waste water and backup power generation systems. These works will commence in 2016-17 and are being undertaken after receiving a grant through the National Stronger Regions Fund of \$5,099,165 and a Shire contribution of \$2,931,637. Once completed this will enable RPT capacity to be transferred from Curtin Aerodrome to the Derby Airport.

We have delivered projects that have enhanced our community including the majority of the Clarendon Street works, footpath upgrades in Derby and Fitzroy Crossing, a change to the strategy of maintaining gravel roads to get more resources to the higher use and risk areas, and we will continue to advocate for better community access.

This coming year will see a focus on looking at community needs and evaluating the level and location of services so that we can respond to any further changes in government funding or policies around important issues that impact our community.

I would like to thank the community for their support over the year and my fellow Councillors and dedicated staff for all their efforts.

COUNCILLOR ELSIA ARCHER OAM, JP

SHIRE PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT



The economic down turn has placed significant pressure on the Shire due to its exposure to mining operations. The next couple of years will be critical in responding with a sustainable cost structure while still being responsive to community service levels.

The loss of the air service meant the Shire had to immediately reduce 12-15 positions that provided refuelling, ground handling, baggage/security and check in. This was a very difficult time and we appreciated the support of the community.

The Shire operations were also impacted by loss of activity and revenue at the Port, while facing increased fixed costs to insurance and compliance. Overall, the Shire's operating revenue decreased by approximately \$1million in 2015/16 due to the decline in port and airport activity and mining rates.

A major change to the financials which impacted the operating position was the revaluation of roads which added an additional \$4.8million in depreciation costs. While this is a non-cash cost, it is used in calculating the operating position and many of the financial ratio's which have seen a decline due to the combined impact of declining revenue, increasing costs, and the impact of depreciation.

A review of the Shires financial sustainability was done in February 2016 and addressing adverse trends in the finances is a major priority which will be linked to a review of service levels. An outline of specific activity and performance is contained in the relevant directorate sections of this annual report.

STEPHEN GASH

CHIEF EXECUTIVE OFFICER

SHIRE OF DERBY/WEST KIMBERLEY 2015/2016 – COUNCILLORS



SHIRE PRESIDENT
CR ELSIA ARCHER
TERM ENDS 2017

DEPUTY PRESIDENT
CR PAUL WHITE
TERM ENDS 2019

CR PETER COGGINS
TERM ENDS 2019



CR CHRIS KLOSS
TERMS ENDS 2017

CR ANNETTE KOGOLO
TERM ENDS 2017



CR PETER MCCUMSTIE
TERM ENDS 2019



CR JUNE OSCAR
TERM ENDS 2019



CR IRIS PROUSE
TERM ENDS 2019

CR ANDREW TWADDLE
TERM ENDS 2017

Elected Members' Attendance at Council Meetings

Elected Members attended the following Council meetings during the 2015-16 year:

Elected Member	Electors AGM (1)	Ordinary Council Meeting (11)	Special Council Meeting (2)
Cr E Archer	1	11	2
Cr P White	1	7	2
Cr P McCumstie	1	8	2
Cr A Twaddle	1	10	2
Cr I Prouse	0	11	2
Cr C Kloss	1	6	2
Cr A Kogolo	0	8	0
Cr J Oscar	1	7	1
Cr P Coggins	1	8	2

2015 Local Government Elections

The Shire of Derby/West Kimberley local government elections were held 17 October 2015 for seven Councillor positions, being five vacancies for a term of four years and two vacancies for a term of two years.

There were 12 nominations for the seven vacancies with four new Councillors elected:

-) Cr Peter Coggins;
-) Cr Chris Kloss;
-) Cr Peter McCumstie; and
-) Cr Paul White.

Three existing Councillors were re-elected for a further term:

-) Cr Iris Prouse;
-) Cr June Oscar; and
-) Cr Andrew Twaddle.

A total of 843 electors cast a ballot paper resulting in 4,823 votes being counted. Of the 843 ballot papers sixteen were informal. The participation rate was 22.8%.

A Swearing-in Ceremony and Special Council Meeting was conducted on 19 October 2015, where Cr Elsia Archer was re-elected as Shire President and Cr Paul White was elected the Deputy Shire President.

OUR ORGANISATION

OUR STRUCTURE

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

Executive Services



The structure is led by the Chief Executive Officer who is supported by an Executive Leadership Team comprising three Executive Managers. Each Executive Manager 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.

Stephen Gash
Chief Executive Officer

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

Corporate 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, human resources, insurance and risk management and, community and corporate leases.

Martin Cuthbert
Executive Manager Corporate Services

-) Financial Services
-) Administration Services
-) Governance and Compliance
-) Human Resources

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.

Wayne Neate
Executive Manager Technical and Development Services

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

Community Development



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.

Bradley Isbister
Executive Manager Community Development

-) Library and Heritage Services
-) Recreation Services
-) Community Development
-) Community Engagement
-) Youth Services



TECHNICAL SERVICES

Capital Work Achievements

-) A large reconstruction programme was held where various town streets were partially or wholly reconstructed, four in Camballin, two in Fitzroy Crossing and nine in Derby.
-) A rural road programme consisting of re-shaping, re-sheeting and stabilised floodways on the Calwynyardah – Noonkanbah Road, Noonkanbah – Milligiddee Road, Camballin Road, Mt Anderson Road and Camballin – Myroodah Road.
-) A resealing programme on 13 Streets in Derby and two in Fitzroy Crossing.
-) Flood damage repairs were completed to the Nerrima, Kalyeeda and GNH-Gee Gully roads.
-) Improvements were made to the storm water drainage network in Derby.

Road Maintenance Strategy

The first year of the road maintenance strategy has ended with all contractors giving good feedback to officers on the conditions of roads in the Shire allowing prioritisation of current and future works.

The strategy, although probably not widely known, has produced very positive feedback from the community at large and is constantly being reviewed to improve its effectiveness.

Asset Management

Asset management has improved Council's housing stock with the construction of six units in Clarendon Street, two houses in Woollybutt Corner and one house in Hanson Street. Construction also commenced on the Dog/Cat compound and the new workshop at the Derby works depot. Information is still being gathered on Shire buildings, both housing and other buildings, road reserve assets and sealed roads to provide a planned approach to maintenance and upkeep of those assets.

Parks and Gardens/Works

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



DEVELOPMENT SERVICES

Environmental Health

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

To continue to improve health outcomes across the Shire routine inspections were conducted at food premises, caravan parks and camping grounds, public buildings, events, and lodging houses. Sampling was also undertaken of recreational and drinking water sources to ensure public health and safety. Permits were issued and monitored for traders and stall holders at various events throughout the year. Mosquito management activities were undertaken at various locations around the town sites including chemical treatment and education sessions.

Aboriginal Environmental Health

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

Highlights for the year included successfully obtaining a contract renewal to continue to provide this service for up to four more years and presenting a new health promotion campaign called 'Live Deadly' at the National Australian Health Promotion Association conference. Other major projects for the year included dog de-sexing in partnership with AMMRIC, participation in a mumps outbreak and assisting in the mass immunisation campaign around Derby as a result of that outbreak. A focus of the unit was on

environmental health referrals, these referrals are aimed to reduce rates of infectious disease in Aboriginal communities.

Building Services

The Shire of Derby/West Kimberley had a stabilisation in building related functions during the financial year of 2015-16. Development and building applications rose a little from 2014-15 but are still down on the peak of a few 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. All West Building Approvals continued to provide a valuable service in support of the Shire building service with previous administrative changes continuing to demonstrate an effective cost saving mechanism for the Shire without any loss of service by not employing a designated building surveyor.

Waste Management

Waste management services continued to be provided with the assistance of Toxfree in both the Derby and Fitzroy Crossing townsites, Camballin's waste management service is provided by Looma community. Total waste volumes have decreased over the last year and recycling volumes continue to be stable in comparison to previous years.

All legislated functions were met including the annual waste audit, national pollution inventory reporting and groundwater monitoring at both the Derby and Fitzroy Crossing sites. An audit was conducted at the Derby waste management facility with no major non-conformance notices issued.

Licence amendments were approved for the Fitzroy Crossing waste management facility that will increase the lifespan of the site while permitting the Fitzroy Crossing power station soil bioremediation project to begin.

Ranger Services

Ranger services have had a strong presence in the community whilst on patrol where they have been able 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;

- Working with Derby Animal Welfare Group promoting reduced cost de-sexing.
- New cat and dog management facility became operational.
- Illegal camping was targeted in a cooperative operation with WA Police.
- Large fire mitigation works undertaken using earthmoving machinery and herbicide spraying.

WAYNE NEATE

EXECUTIVE MANAGER

TECHNICAL AND DEVELOPMENT SERVICES





COMMERCIAL SERVICES

The Shire of Derby/West Kimberley controls and operates significant air and sea port infrastructure that is critical to the operation of projects associated with existing resources and exploration, tourism, aquaculture as well as emerging agricultural opportunities. In enabling this activity, the infrastructure serves economic development and opportunities. The critical emergency services including Derby Volunteer Marine Rescue Group and the Royal Flying Doctor Service (RFDS) that are so important to our remote region would not be possible without these facilities to work from.

Curtin Airport

With commerciality of the Perth-Derby jet service impacted by low passenger numbers due to the closure of mining activities within the region, Virgin Australia Regional Airlines (VARA) ceased operations into Curtin on 26 February 2016.

The Shire has renewed the lease of the Curtin civil terminal and associated license areas with the Department of Defence to ensure its availability to take advantage of any future opportunities when they may arise.

Derby Airport

Derby airport serves the general aviation, RFDS and charter activity with multiple leases to private industry for fixed wing and rotary operations. Council has continued to pursue a redevelopment proposal for the Derby airport through the Federal Government's stronger regions program whereby the transportable buildings on site will be configured to form a modern terminal to serve the long term future needs of the community and industry alike.

The lighting upgrade at Derby airport through the Regional Airport Development Scheme (RADS) grant to upgrade the runway lighting will be undertaken in the 2016-17 year.

Fitzroy Crossing Airport

Fitzroy Crossing Airport caters for general aviation including fixed wing and rotary operations as well as RFDS. The runway was resealed in 2013 to address water ponding, cracking and other problems where the underlying black soil base is commonly associated with such pavement behaviour. A crack sealing exercise was undertaken during the year and will be monitored to manage and understand the nature of the pavement condition going forward.

Derby Export Facility (Wharf)

As mentioned above, the downturn in mining activity had a deleterious effect on the Perth-Derby jet service and has similarly suppressed activity at the Derby Export Facility (DEF). Koolan Island has moved into care and maintenance due the failure of the sea wall in late 2014 and Pluton Resources has also faced uncertain periods for some time.

On more positive fronts, Marine Produce Australia's activities have grown with them being granted an increase of their lease area and Sheffield Resources has publicly announced that they intend to export their commodities through the DEF.

Resulting from a previous expression of interest process, those organisations provided with a 'preferred proponent status' continue to progress their projects and negotiate leases with Shire.

The major structural change by the Western Australian Government to create the Kimberley Port Authority (KPA) who will essentially become

the landlord of the Shire of Derby/West Kimberley. Concurrent to the above has been the Shire's efforts to bring forward the renewal of the current lease held with the Department of Transport which has been achieved.

There is a great deal of effort required by almost all levels from within the Shire of Derby/West Kimberley to effectively manage the infrastructure discussed above. I would like to take this opportunity to thank all of those who have contributed so significantly to the Ports operations throughout 2015-16.

ROSS SULLIVAN

MANAGER COMMERCIAL SERVICES



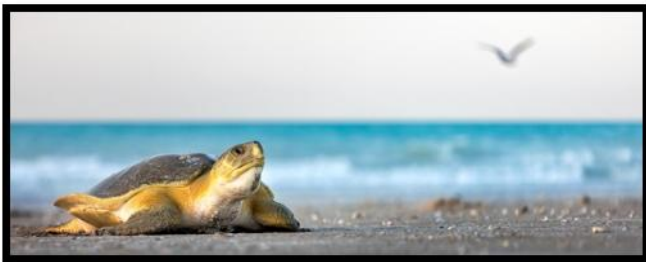


COMMUNITY DEVELOPMENT

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 largest Derby expo thus far.

School Holiday Program

Activities moved from the youth centre to the swimming pool allowing the program to expand. Attendance has increased to an average of 80 children per day, peaking at 150 for certain activities. The program is free to attend and this year involved activities such as cooking, water fun days, pool parties and fun with reptiles and horses.



Kimberley Art Prize and Photographic Awards

As part of the Kimberley visual arts month local judge, Derek Hobbs, hosted a photo journalism seminar with 40 attendees. The art prize exhibition displayed 92 amazing pieces and attracted more than 900 visitors over 6 days. The photographic award hosted 181 entries with 583 people attending over 6 days. The overall winners were Craig Williams with his photographic entry “Circle of Life” (above) and Benjamin Loaring with his art entry “Spirit Man and the Whistling Eagle” (below).



Grants

A grant was received to develop concept designs for new war memorials in Derby and Fitzroy Crossing. Applications have been submitted for a new universal/FASD playground with shade and fencing in Fitzroy Crossing. The community grants scheme continues to support the community with \$10,000 donated amongst 20 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 450 visitors during the February 2016 expo.

Library Services

Over 15,000 people visited the Derby and Fitzroy Crossing libraries where over 30,000 physical items and 740 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 over 1,000 members attending over the year. The association with allied health professionals resulted in multiple health information sessions being held for parents. Fitzroy library celebrated National Science Week and National Diabetes Week with displays and morning teas. The Derby library introduced a popular, new lego club on Wednesday afternoons and other activities such as birthday parties and teddy bear sleepovers continue to be a great success with older children.

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. In association with Jesse Brampton from Kulbardi Hill Consulting work on 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 will be placed in significant locations around Derby.

Aquatic and Recreation

Events staged throughout the year included the Derby community swim classic, BHP Billiton super series swimming, Lisa Curry swim clinic and many birthday party functions. New programs introduced included touch rugby, junior tennis, Auskick football and masters swimming. These programs are now permanent activities available to the community. To assist with recreational activities a new cricket pitch cover was installed along with a heat/cool pump in the pool allowing the water temperature to be maintained above 28 degrees.

Swimming Lessons

The aquatic and recreation team introduced swimming lessons for school term 4, 2015 and terms 1 and 2, 2016. The lessons have been a great success with children from over 60 families participating. The ability to heat the pool to a constant 28 degrees throughout the cooler months has been the catalyst for enabling lessons to run year round.

Club Development

The Department of Sport and Recreation extended the club development officer agreement for a fourth year, providing funding of \$50,000 for the year. Four club workshops were staged throughout the year. Workshops included "How to Run Your Club", social media, TidyHQ governance and KidSport. Funding applications were successful for six Derby sporting clubs for equipment grants. KidSport is now fully functional for football, netball, swimming, basketball and scouts. The remaining Derby sporting clubs have also been added to the KidSport program for access in the next sporting season. The SDWK Sport and Recreation plan was completed and the Aquatic and Recreation team have commenced actioning the recommendations of the five-year strategies. The team will work closely with all club stakeholders on Shire sporting facilities, club activities, governance and strategic, operational and future planning.

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". The team assisted the Central Kimberley Football League (CKFL) with its operations and the inclusion of the Western Suns Football Club into the competition. KidSport also supported a number of CKFL players this past season. The aquatic and recreation manager now makes monthly, two day visits to Fitzroy Crossing to meet all Fitzroy Valley sporting and recreation stakeholders and to complete facility inspections on the Shire sport and recreation venues.

Youth Centre

All young people are different, some prefer structured programming whilst others like to just hang out. Young people at the Derby youth centre can now choose to do either. A structured program of activities offering meaningful engagement opportunities such as music lessons and horsemanship training was consolidated to compliment the 'drop-in' program delivered from the youth centre. The Derby Youth Advisory Council realized their goal of holding a youth basketball carnival, 'Jump4it 2016' was a resounding success with over 150 young people from across the Kimberley competing. The youth service supported young people to attend a number of key youth forums and consulted with young people to help shape the Kimberley regional framework for young people.

Boys Re-Engagement Program

The boys re-engagement program focused on a 'healthy body, healthy mind' theme with boxing training at its core. Levels of engagement were unprecedented, the youth service is now exploring possibilities to add boxing training to the generalist programming. Five of the group were successful in applications to attend an alternative education school.



Girls Group

The girls group met weekly throughout the year, building up a healthy stock of home-made crafts such as drift wood mobiles, candles, soap and paintings. The girls sold their wares at a highly

successful night market stall, making a tidy profit in the process. The girls decided to celebrate their entrepreneurial success by spending the profit on a meal at Jila and a sleep-over at the CWA cottage.



Work Inspiration

This year also saw the introduction of 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. Such was the program's success it is to be an annual event on the youth services calendar.

Disability Access Inclusion Plan

The Disability Access Plan is undergoing a full review with a new one planned to be adopted in late 2016.

Initiatives undertaken by Shire Derby/West Kimberley to enhance access and inclusion during 2015-16 include:

- Continue streetscape works on Clarendon Street;
- New access pathways within the town site;
- Installation of water heat pump at the Derby memorial swimming pool;
- Changes made to induction process to highlight DAIP;
- Footpath audit;
- Applications submitted for universal access playground and FASD supported equipment in Fitzroy Crossing.

BRAD ISBISTER

EXECUTIVE MANAGER

COMMUNITY DEVELOPMENT

Disability Access and Inclusion Plan (DAIP) Progress Report 2015 – 2016

The following strategies were planned and implemented during 2015-16 by the Shire of Derby/West Kimberley for each outcome area of the DAIP.

Outcome 1: Services and events

'People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.'

Total number of strategies planned (whether implemented or not):	6
Number of strategies that were implemented:	4

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

Number of the strategies that were implemented that were effective:	2
Number of the strategies that were implemented that were average:	-
Number of the strategies that were implemented that were ineffective:	-
Number of the strategies that were implemented that have not yet been evaluated:	2

Describe your organisation's strategies or provide a case study for DAIP Outcome 1:
<ol style="list-style-type: none">1. Re-establish an updated Disability Access Committee to guide the implementation of DAIP activities and ensure accountability.2. Work towards ensuring people with disability are consulted on their need for services and the accessibility of current services.3. Continue to ensure the library technology is as accessible as possible.4. Continue to develop links between the DAIP and other Shire plans and strategies.5. Ensure that SDWK events are accessible to people with disabilities.6. Provide relevant staff training for the requirements of the Disability Services Act.

Outcome 2: Buildings and facilities

'People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority'.

Total number of strategies planned (whether implemented or not):	7
Number of strategies that were implemented:	6

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

Number of the strategies that were implemented that were effective:	-
Number of the strategies that were implemented that were average:	6
Number of the strategies that were implemented that were ineffective:	-
Number of the strategies that were implemented that have not yet been evaluated:	-

Describe your organisation’s strategies or provide a case study for DAIP Outcome 2:
<ol style="list-style-type: none"> 1. Ensure that all buildings and facilities meet the standards for access and any demonstrated additional need. 2. Ensure that all new or redevelopment works provide access to people with disabilities, where practicable. 3. Ensure that Disability Access parking meets the needs of people with disability in terms of quantity , location and visibility 4. Advocate to local business and tourist venues the requirement’s for and benefits flowing from the provision of accessible venues, by attaching the Disability Services Commission’s Access Information checklists. 5. Ensure that all recreational areas are accessible. 6. Ensure that public toilets meet the associated accessibility standards. 7. Ensure that footpaths are maintained in the Shire’s footpath plan.

Outcome 3: Information

'People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it'.

Total number of strategies planned (whether implemented or not):	3
Number of strategies that were implemented:	2

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

Number of the strategies that were implemented that were effective:	1
Number of the strategies that were implemented that were average:	1
Number of the strategies that were implemented that were ineffective:	-
Number of the strategies that were implemented that have not yet been evaluated:	-

Describe your organisation’s strategies or provide a case study for DAIP Outcome 3:
<ol style="list-style-type: none"> 1. Improve community awareness that Shire information is available in alternative formats upon request – Council now using social media. 2. Improve staff awareness of accessible information needs and how to obtain information in other formats. 3. Website still under construction working to implement industry best practice.

Outcome 4: Level and quality of service

'People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority'.

Total number of strategies planned (whether implemented or not):	2
Number of strategies that were implemented:	2

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

Number of the strategies that were implemented that were effective:	2
Number of the strategies that were implemented that were average:	-
Number of the strategies that were implemented that were ineffective:	-
Number of the strategies that were implemented that have not yet been evaluated:	-

Describe your organisation’s strategies or provide a case study for DAIP Outcome 4:
<ol style="list-style-type: none"> 1. Ensure that Elected Members and employees are aware of access needs and can provide appropriate services. 2 Improve community awareness of disability and access issues – <ul style="list-style-type: none">) DSC staff sit on interagency committee to bring up concerns.

Outcome 5: Complaints

'People with disability have the same opportunities as other people to make complaints to a public authority'.

Total number of strategies planned (whether implemented or not):	1
Number of strategies that were implemented:	1

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

Number of the strategies that were implemented that were effective:	1
Number of the strategies that were implemented that were average:	-
Number of the strategies that were implemented that were ineffective:	-
Number of the strategies that were implemented that have not yet been evaluated:	-

Describe your organisation’s strategies or provide a case study for DAIP Outcome 5:
1. Ensure that current grievance mechanisms are accessible for people with disability and are acted upon.

Outcome 6: Consultation

'People with disability have the same opportunities as other people to participate in any public consultation by a public authority'.

Total number of strategies planned (whether implemented or not):	2
Number of strategies that were implemented:	2

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

Number of the strategies that were implemented that were effective:	2
Number of the strategies that were implemented that were average:	-
Number of the strategies that were implemented that were ineffective:	-
Number of the strategies that were implemented that have not yet been evaluated:	-

Describe your organisation's strategies or provide a case study for DAIP Outcome 6:
<p>1. Ensure that people with disabilities are actively consulted about the DAIP and any other significant planning processes.</p> <p>2. Ensure that people with disability are aware of and can access other established consultative processes – All members are invited to forums and via numerous communication methods.</p> <p>Plan due for review, relevant care agencies consulted, surveys conducted via partners, notice board ads, local radio and press releases. As a result of consultation on streetscape upgrades disabled shop parking being relocated.</p>

Outcome 7: Employment

'People with disability have the same opportunities as other people to obtain and maintain employment with a public authority'.

Total number of strategies planned (whether implemented or not):	3
Number of strategies that were implemented:	3

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

Number of the strategies that were implemented that were effective:	-
Number of the strategies that were implemented that were average:	-
Number of the strategies that were implemented that were ineffective:	-
Number of the strategies that were implemented that have not yet been evaluated:	3

Describe your organisation's strategies or provide a case study for DAIP Outcome 7:
<p>1. Use inclusive recruitment practices.</p> <p>2. Improve methods of attracting, recruiting and retraining people with disabilities.</p> <p>Still in early stages of evaluating this outcome</p>

Agents and contractors

In addition to services provided directly to the public, DAIPs also encompass services to the public delivered by agents and contractors. This includes non-government and not-for-profit organisations and businesses that undertake work on behalf of a public authority involving interaction with the community. (Contracted employees should not be considered as contractors for this report.)

For 2015–16, how have you informed agents and contractors about your DAIP? (Please tick)

Provided a copy of your agency DAIP	-
Provided a link to the DAIP on your website	-
Sent a letter	-
Referenced in a contract(s)	x
Referenced in a contract variation(s)	-
Included requirement in funding/sponsorship agreements	-
Other (please describe) -	

How do agents and contractors report progress of outcomes to you? (Please tick)

Through internal annual progress reporting systems (email, meetings etc.)	x
Completing a contractor progress reporting template	-
Did not report (please explain) -	

Please provide a description of any significant DAIP strategies undertaken by your organisation's agents and contractors in 2015–16.

Upgrades to main street still ongoing all access points been upgraded and improved disabled parking.
Revised detailed review of DAIP provided to staff during induction.
Upgrades and improvements made to swimming pool parking/new marking and sign posts installed at 3 sites.
Footpath quality audit conducted January 2016.

Other questions about your DAIP

What challenges did you experience with strategies that were planned but not implemented? (Please tick)

Budgetary constraints (please explain)	<input checked="" type="checkbox"/>
Council loss of State and Federal operational grants having impact. Grant cuts further impacted by reduced income to loss of air service and less fees from port.	
Lack of support / input and feedback from the community (please explain)	<input checked="" type="checkbox"/>
Community experiencing down turn with loss of air service and mining closures. A number of people left town on top of transient population.	
Difficulties with contractor or agent input (please explain)	<input type="checkbox"/>
-	
Difficulties coordinating strategies/initiatives (please explain)	<input type="checkbox"/>
-	
Other (please explain):	<input type="checkbox"/>
-	

Is the information provided in this report representative of your organisation, and not you as an individual or your position? (Please tick)

- Yes – Staff has authority to submit report
- No

If no, please explain:

-

How would you rate your overall satisfaction with the quality of service provided to your organisation by the Commission’s Access and Inclusion branch? (Please tick)

	Very satisfied	Satisfied	Unsatisfied	Very unsatisfied	Not sure
Satisfaction with quality of service provided	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you have any comments or feedback?

-

BRAD ISBISTER
EXECUTIVE MANAGER
COMMUNITY DEVELOPMENT



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.

Financial Services

Improved, user friendly, financial management reporting was introduced during 2015-16 to assist managers to track their departmental budgets throughout the year. During 2016-17 corporate services will be implementing the Corporate Performance Management System software to complement the existing SynergySoft system to enable more accurate and live reporting and financial control therefore helping to manage risk within the organisation.

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 2015-16 financial year's budget was prepared and adopted by Council on 27 August 2015.

The budget also forms the basis for determining the level of Council's rates, which incurred an increase of 4.9% for the 2015-16 year. The discount rates system was again utilised offering a 2% discount on rates for those properties paying in full by the due date.

New Policies and Procedures

Following advice from WorkSafe WA a Violence and Aggression Policy was adopted by Council in October 2015 to better set out the procedure for staff when dealing with difficult, violent or aggressive behaviour. This policy was accompanied by a training session for staff on dealing with unhealthy behaviours and ensuring the safety of all involved.

Training

-) Equal Employment Opportunity – understanding of the *Equal Opportunity Act 1984* and recognising and dealing with discrimination, bullying, harassment etc.
-) Dealing with Unhealthy Workplace Behaviour – ensure the outcome in difficult situations is the best possible for all, ensure safety of staff and other customers, strengthen professionalism of staff.

Records Management

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

A comprehensive records management training program is delivered to all new staff in a one-on-one basis. The training includes an outline of

employees' roles and responsibilities to ensure compliance with the Shire's record keeping obligations.

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

Legal/Leases

Leases continue to progress and require significant amounts of time and resources. It is never an easy task trying to co-ordinate leases with organisations that have been in Council facilities, often for many years. The *Local Government Act 1995* requires Council to have a lease and this is often a difficult issue to manage.

Governance and Compliance

A restructure of staff in corporate services has allowed more resources to be put towards ensuring a continuance of good governance and compliance within the Shire.

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

The compliance audit report is a very useful tool in addressing statutory requirements and ensuring legislative compliance. Of the 87 points of compliance, the Shire was compliant in all 87 of them. This equates to the Shire being 100% compliant.

A summary of the compliance areas are:

Commercial Enterprises by Local Governments	5
Delegation of Power/Duty	13
Disposal of Property	2
Disclosure of Interest	16
Elections	1

Finance	14
Local Government Employees	5
Official Conduct	6
Tenders for Providing Goods and Service	25
Total	87

Human Resources

The human resources department provides support to managers through the provision of policies, systems, services, programs and guidance on staffing practices that will enable quality staffing outcomes for the Shire. Human resources works in partnership with line managers and executive managers to provide a variety of services and advice such as: recruitment, induction, development and training of staff, performance appraisals, grievance resolution, underperformance, misconduct and disciplinary requirements, equal employment opportunity and equity, health and wellbeing programs, worker's compensation, employee terminations, negotiation of enterprise employee agreements and resolution of employee disputes.

Recruitment

Recruitment was relatively quiet in 2015-16, with only 6 permanent or contract positions advertised along with 13 casual positions. The casual positions provided cover at Curtin airport, Derby pool, school holiday programs, Derby youth centre and Fitzroy Crossing works.

This year brought with it the difficult decision to close Curtin airport and therefore end the employment of 13 staff either through termination or redundancy. Fortunately, the Shire was able to offer 5 employees alternative employment within the organisation and all other staff found suitable employment elsewhere.

Workforce Plan and Demographics

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

Enterprise Agreements

During 2015-16 the staff under the Shire of Derby/West Kimberley Enterprise Agreements 2013 for indoor, outdoor and ports staff received a wage increase, higher than CPI, of 2.5%. Negotiations over the renewal of the enterprise agreements have begun and are expected to be confirmed during 2016-17.

Salary Range	2015-16	Salary Range	2015-16
100,000 to 109,999	1	170,000 to 179,999	
110,000 to 119,999		180,000 to 189,999	
120,000 to 129,999	4	190,000 to 199,999	
130,000 to 139,999		200,00 to 209,999	
140,000 to 149,999		210,000 to 219,999	
150,000 to 159,999	2	220,000 to 229,999	1
160,000 to 169,999	1	230,000 to 239,999	

Transition Pathways Expo

The Shire participated in the first annual Transition Pathways Youth Expo organised by Derby District High School in October 2015. The event showcased training, employment and other support agencies to year 10, 11 and 12 students. The Shire provided support to this initiative by providing a key note speaker, Stephen Gash – CEO, presenting a workshop describing the various employment opportunities and pathways within the Shire, and by hosting an exhibit stall for students to visit and talk one on one with Shire employees about career paths.

The Shire remains dedicated to supporting community events and assisting the future of our local youth.

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.

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.

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 2015-16 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 2015-16 the Shire received one Freedom of Information application, and no referrals for third party consultation. 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 2015-16 financial year, no disclosures relating to improper conduct were made to the Shire and therefore no disclosures were referred to the Ombudsman.

Register of Gifts

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

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

Fitzroy Crossing Visitor Centre

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

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

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

It has been a busy year for the Visitor Centre with focus areas being:

- Exploring options to assist in delivering information to travellers in more efficient and effective ways;
- Partnerships with the Department of Corrective Services;

- Collect compelling and untold information about the community to improve knowledge of the town's hidden strength and beauty; and
- Working with the community to develop a cultural understanding of what is needed, to best support the social enterprise businesses and help maximise growth.

The Book Easy reservation system has seen an improvement in the way tourist bookings are handled, being online and having live up to date information. Access has increased to a larger market of suppliers and increased access to tour and accommodation bookings throughout Australia. The Fitzroy Crossing Visitor Centre continues to deliver a better customer service experience by launching a new website, giving customers access to information and the ability to complete online bookings after hours.

There has been an expansion within the Visitor Centre with colourful displays of locally made products. By working with Ngaringa Nardi, Walibirri Designs and Marnin Studio, tourists are able to experience a taste of what is available in Fitzroy Crossing, so if they do not have the opportunity to visit Marra Worra Worra, Bungardi Community or Marninwantikura Women's Resource Centre, they are still able to access the products through the Visitor Centre. This also gives a great sense of pride and satisfaction to the women, seeing their products on display and being sold to travellers in a retail world.

With the redevelopment of the information area to a unique pallet wall display, with the towns of the Kimberley including maps and up to date information making it clearer for tourists to access and identify their areas of interest. The other side of the wall serves as an art display for local artists with commissionable pieces.

There are a number of enhancements that have been made to the exterior of the building. The outside area of the Visitor Centre has been improved with a pallet table and stool seating (made by the Correctional Services Team), additional table and chairs to the side of the

building, alongside a collection of desert roses and mini palms creating a relaxing space for travellers to enjoy.

The renovations to the front of the building have been completed with the new flag poles and lush lawn replacing bare dirt. The project with Mangkaja Arts using Crime Prevention Funding will see the mural project completed early 2016 and the front of the Visitor Centre will be complete with a fresh new look.

This coming year will continue to promote opportunities and develop partnerships. With the strong dedication from the staff and the completion of projects these areas will only continue to grow.

CONCLUSION

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

I would like to take this opportunity to sincerely thank each and every member of the Corporate Services Department for their continued dedication, hard work and commitment, which has assisted the Shire in achieving the results of the 2015-16 year.

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

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

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

MARTIN CUTHBERT

EXECUTIVE MANAGER

CORPORATE SERVICES

CORPORATE BUSINESS PLAN OVERVIEW

This Annual Report includes a comparison of achievements against the Corporate Business Plan. This overview is in addition to the detailed reports from managers, with a summary of notable achievements in 2015-16 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 2015-16
- ✓ Planned activity/project fully funded and partially completed in 2015-16 with carry over to 2016-17 budget
- ✗ Activity/project planned for completion in 2015-16 but not commenced or carried over in 2016-17 budget
- ✓ Activity/project not planned in 2015-16 but some activity brought forward into budget
- Ongoing activity/project with 2016-17 component funded in budget
- Ongoing activity/project with 2016-17 component not funded in budget
- Ongoing activity/project with 2016-17 component not fully funded in budget
- Activity/project not planned in 2016-17 but some activity brought forward into budget
- Planned activity/project for 2018 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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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		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	●	●
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		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	
		Distribute information regularly through the Shire newsletter on relevant health issues	✓	●	●	Warnings are advertised

Desired Outcome	Strategy	Action	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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 12/13 plan 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	○		To commence after baseline data compiled. 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 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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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 has launched a new website and Facebook page 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	X	✓	○	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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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 an 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, largest number of entries since inception
	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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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 2016/17
		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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
Appropriate Development that Enhances the Unique Character and Heritage of the Shire's Townships	Review, update and implement the Shire's Local Planning Strategy	Review and update the Shire's Local Planning Strategy	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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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	●	●
	Implement a Strategy for road kerbing, footpaths, drainage, signage and lighting		X	●	●	

Desired Outcome	Strategy	Action	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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
Ensure environmentally sustainable development practices are implemented		X	●	●		

Desired Outcome	Strategy	Action	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
Access to Renewable Energy Options	Investigate alternative energy sources for Shire facilities	Investigate and lobby for effective implementation of renewable energy sources and resources management practices	X	O		Could be included as part of the asset management plans for a particular building
	Provide lobbying and support for alternative energy sources and reinvestigate tidal power	Investigate and lobby for effective implementation of renewable energy sources and resources management practices	X	O		
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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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 2016/17
	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 2016/17. Derby heritage marker project complete will be installed 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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
Effective Governance and Leadership Cont.	Encourage community participation in Local Government Elections	Advertise Local Government Elections in the lead up to encourage community participation	✓	●	●	Held every two years, next election to be held October 2017
		Provide information on the role of a Councillor prior to nomination dates	✓	●	●	As per LG guidelines
	Negotiate with all native title groups to consult and establish appropriate Indigenous Land Use Agreement's and Memorandums Of Understanding	Formalise a partnership with native title groups to establish Indigenous Land Use Agreements and Memorandum of Understanding	✓	○		Need to review as this is ongoing
	Lobby the State Government for full funding for municipal services and associated infrastructure in Aboriginal Communities	Meet regularly with State Government agencies to discuss the service and infrastructure requirements of the community	✓	●	●	
	Develop and maintain Risk Management Policies and Procedures	Develop and maintain Risk Management Policies and Procedures	✓	●	●	Risk Management Policy adopted by the Compliance and Strategic Review Committee December 2016
Effective Engagement with the Community and Stakeholders	Develop a Community Engagement and Communication Strategy	Develop a Community Engagement and Communication Strategy	X	●	●	
	Work cooperatively with other Kimberley Shires and support the Regional Governance Group	Facilitate and develop strong relationships and partnerships with the community and with other organisations	✓	●	●	
	Represent and promote the Shire at appropriate regional, State and Federal forums	Have Council representation in regional forums, and regularly attend meetings	✓	●	●	

Desired Outcome	Strategy	Action	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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 2016/17 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	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
Skilled, Committed and Professional Staff in a Supportive Environment	Maintain and develop human resource management policies, procedures and systems for current and future workforce needs	Review the Human Resource Management Policy annually	X	●	●	Review commenced. For finalisation 2016-17. Need to reflect ongoing requirement
		Implement human resource management recommendations as outlined in the Workforce Plan	X	●	●	
	Provide opportunities for the training and development of the Shire's employees	Facilitate appropriate training for staff through the development of a staff training plan	X	●	●	Training done based on employee and area need but not yet part of coordinated training and development plan
	Ensure safe work practices through implementation of appropriate occupational, health, safety and welfare practices	Appoint an Occupational Health, Safety and Welfare staff representative	X	●	●	Staff turnover impacted OSH Committee
		Regularly review all work practices for safe work compliance	✓	●	●	Hazards managed through day to day operations but audits and effectiveness not yet a systematic process
	Review, amend and implement staff attraction and retention initiatives	Implement the recommendations made within the Workforce Plan	X	●	●	Council requested review by CEO before implementation of aspects of plan
		Conduct an annual review of staff attraction and retention initiatives	X	●	●	Part of Workforce Plan review

Desired Outcome	Strategy	Action	2015-16	2016-17	2018 onwards	Notes (Achievements in 2015-16, Variance from Budget, or Significant Planned Activity in 2016-17)
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 2014/15 Budget given Wharf/Airport economic development priorities and ceasing of CLGF
	Promote cohesiveness and teamwork across the organisation	Conduct an annual staff development activity	✓	●	●	No single 'activity' but whole of staff meetings conducted
		Communicate strategic objectives	✓	●	●	Ongoing

FINANCIAL PERFORMANCE MEASURES

The 2015-16 financial performance measures are stated in the annual financial report, together with comparative figures for the previous financial year.

Financial ratios are designed to provide users of financial information a clearer picture of the performance and results as well as a comparison across periods.

It has become apparent over time, inconsistencies in the calculation of the ratios occur. If ratio information is to be meaningful, then it is important it is prepared both accurately and consistently.

The ratios reported on in the annual report are the seven currently defined in regulation 50 of the *Local Government (Financial Management) Regulations 1996* and required to be disclosed in the annual financial report. These are explained in detail in the various sections which follow.

Whilst these ratios are a useful guide, it should be remembered there are many indicators of the financial position of a local government. Each ratio should not be considered in isolation.

Rather, they should all be assessed in context of the particular Council's circumstances and each considered as part of the picture.

Regulation 50 (1a) of the *Local Government (Financial Management) Regulations 1996* allows ratios to be disclosed either as a percentage or as a factor of one.

Adjustments relating to 2016

Two of the ratios in the statements, being the Debt Service Cover Ratio and Operating Surplus Ratio, were distorted by an item of significant revenue relating to the early payment of the 2015-16 Financial Assistance Grants (FAGs) totalling \$2,616,974 received on 30 June 2015. The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016. Both of the ratios were also distorted in 2015 by the loss on revaluation on non-current assets associated with the write down of the Derby Wharf Infrastructure asset of \$1,262,067.

Both of these items are considered "one-off" timing in nature and were adjusted when calculating the ratios.

Current Ratio

This ratio is a measure of short term (unrestricted) liquidity. That is, the ability of the local government to meet its liabilities (obligations) as and when they fall due.

A ratio of greater than one (100%) indicates the local government has more current assets than current liabilities.

If less than one (100%), current liabilities are greater than current assets and the local government has a short term funding issue.

Provided restricted assets are excluded correctly, it is a very useful indicator of the "true" financial position of the local government, particularly in the short term.

As a general rule, when the current ratio of a local government is calculated as less than one (100%) it indicates a short term funding issue. However, it also needs to be considered in context of the overall financial position.

If monitored correctly during the course of the year, it is a good indicator for when follow up action is necessary.

The ratio for the Shire of Derby/West Kimberley, as at the close of the 2015-16 year was 0.97, which shows the Shire has a minor short term funding issue.

Asset Sustainability Ratio

This ratio measures the extent to which assets are being renewed/replaced compared to the amount consumed (depreciation).

Interpretation of this ratio is much improved if it is calculated as an average over time (say at least 5 years) as this reduces skewing caused by large scale intermittent investment in major infrastructure (such as buildings and facilities).

A ratio greater than 110% indicates a local government is investing in asset renewal/replacement to the degree that offsets the current consumption of its assets (1.00) and provides for the effect of inflation.

If less than 90% it is considered a high risk ratio indicating the local government is having difficulty undertaking a sustained capital investment program sufficient to renew/replace assets while also negating the effect of inflation on purchasing power over time.

A ratio classified as high risk should immediately prompt a review of the local government's depreciation rates and asset valuations to ensure that they are reasonable and are generating reliable and representative depreciation expenditure.

It should also prompt a review of operations and revenue raising capacity necessary to support the ongoing asset base.

The ratio for the Shire of Derby/West Kimberley, as at the close of the 2015-16 year was 0.36, which shows that the Shire is not investing in asset renewal to a degree that is offsetting the current consumption of its assets.

This ratio appears to have been trending downwards over the longer term and is below both the Regional and State 4 year averages.

Analysis of the Shire's Statement of Comprehensive Income indicates the main reason for the deterioration of the ratio in the current year is a significant increase in the amount of depreciation expense. Total depreciation increased from \$4,193,176 in 2015 to \$9,049,744 in 2016. This increase in depreciation is attributable to the revaluation of infrastructure road assets conducted during the year ended 30 June 2015 which resulted in a significantly higher depreciable asset base for roads.

Interpretation of this ratio should be considered together with the Asset Consumption Ratio (below target at 0.74) and the Asset Renewal Funding Ratio which was not able to be calculated.

Issues that have the potential to effect financial reporting for the asset sustainability ratio are:

- The need of a clear definition as to what is considered replacement expenditure. Including gross cost of plant and equipment rather than net of trade in has the potential to skew this ratio and reduce its intended effectiveness.
- The need to make sure new expenditure is excluded.

Debt Service Cover Ratio

Not unlike the previous debt service ratio although an inverse application.

Measures a Council's ability to service debt out of its uncommitted or general purpose fund available for its operations.

Per the Department of Local Government and Communities Integrated Planning and Reporting Advisory Standard:

Low – 500% (5) or greater

High – lower than 200% (2)

Given this relationship is now inverse to the previous ratio these risk indicators are set too low. Based on experience, particularly for smaller Councils more dependent on external funding, the following risk factors are more relevant:

Low – 1000% (10) or greater

High – lower than 500% (5)

Those Councils with a higher proportion of revenue from rates can also effectively operate at lower debt service ratios as they are more able to generate income (via rate increases) to cope with the debt burden.

Consequently, the effect of any borrowing increases in a particular year should be considered when formulating funding options for the budget in any given year. Also, the longer term effect on the ratios when repayments do kick in should not be ignored (as often is the case).

Quite often, borrowings are proposed in one year and repayments do not commence until the following year and it is only then, the true effect of the debt servicing costs become evident in budget deliberations.

It is important the knock on effect on debt ratios are considered as a part of borrowing deliberations.

These ratios also need to be weighed with the need for Council to consider the future plans/growth including the rationalisation of Reserve funds.

The ratio for the Shire of Derby/West Kimberley, as at the close of the 2015-16 year was (699%), which is considered high by the Department of

Local Government and Communities Integrated Planning and Advisory Standard.

Whilst the adjusted ratio has improved from the previous year it is trending downwards against the average over the longer term. It is also below both the Regional and State averages.

It is impacted greatly by the underlying structure of the Shire's operating budget excluding capital which currently, is showing a structural deficit position as discussed earlier.

In order to help ensure the continued sustainability and financial wellbeing of the Shire, both Council and management will need to consider ways to improve the underlying structural operating position in the medium term. This is either via increasing own source revenue or by decreasing expenditure (or a combination of both).

Operating Surplus Ratio

Effectively highlights the scale/extent of any operating surplus or deficit in relation to the overall size of the local government.

Low – 15% or greater

The local government is providing a strong operating surplus which will give flexibility in the future in relation to operational service levels and asset base.

High – lower than 0%

The local government is experiencing an operating deficit.

A sustained period of deficits will erode the local government's ability to maintain both its operational service level and asset base.

Issues that have the potential to effect financial reporting for the operating surplus ratio are:

- Operating revenue definition includes an adjustment for other compliance income. Confusing as not in operating revenue in the first place. Care needs to be taken. Department has indicated this was included just to make it clear not to use it when calculating the ratio.
- Own source operating revenue includes reimbursements and recoveries which are not currently a separate nature or type. Will need to make sure accounting system allows for this to be tracked/obtained.

The ratio for the Shire of Derby/West Kimberley, as at the close of the 2015-16 year was -0.84 , which indicates that the Shire is experiencing an operating deficit at the end of the financial year.

The Operating Surplus Ratio represents the percentage by which the operating surplus (or deficit) differs from the Shire's own source revenue which includes rates and operating grants.

After adjusting for the early payment of FAGs grants in the previous year, the ratio is still below target levels, below both the Regional and State 4 year averages and is trending downwards.

Analysis of the Shire's Statement of Comprehensive Income indicates the reason the ratio has spiked significantly from the previous year relates to the increase in depreciation expense.

The increase in depreciation relates to the increase in the value of infrastructure assets as a result of their revaluation in the previous year as discussed above.

Notwithstanding the impact any adjustment to depreciation expense may have, the underlying structural operating position of the Shire has a major impact on this ratio and will continue to do so unless improved.

Own Source Revenue Coverage Ratio

Measures the local government's ability to cover operating expenses from own source revenue.

Low – 90% or greater

High – lower than 60%

The higher the ratio, the more self-reliant the local government is. Allows greater flexibility as less external funds required for operational purposes.

At .43, the Shire of Derby/West Kimberley's level is considered high, although this would come as no surprise as Council has been aware for many years that they are more heavily reliant on grants than many Councils in the south of the State.

Asset Consumption Ratio

Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

Where the written down value is based on a condition assessment of the assets, the ratio highlights the aged condition of the depreciable assets.

Low – 60% or greater

Indicates a local government is investing in asset renewal to a level where a high percentage of the local government depreciable assets remain in an 'as new' condition.

High – less than 50%

Indicates the local government is having difficulty undertaking a sustained capital investment program sufficient to renew assets at a level equal to maintain the average 'aged' condition of the assets.

A ratio classified as high risk should immediately prompt a review of depreciation rates and asset valuations to ensure they are reasonable and are generating reliable and representative written down values.

It should also prompt a review of operations and revenue raising capacity necessary to support ongoing asset renewal.

At 74% as at 30 June 2016 Council needs to ensure care be exercised as the local government is in danger of slipping into the level where it will have difficulty maintaining the "aged" condition of its assets.

Asset Renewal Funding Ratio

Measures the extent to which assets are being renewed compared to the amount consumed (depreciation).

Provides an indication whether the local government has the financial capacity to fund asset renewals as required and can continue to provide existing levels of services in the future without requiring:

- additional income;
- reduction in expenditure; or
- increase in borrowings (above current projections)

Interpretation of this ratio is much improved if it is calculated as an average over time (say at least 5 years) as this reduces skewing caused by large

scale intermittent investment in major infrastructure (such as buildings and facilities).

Low – 95% or greater

Indicates a local government is investing in asset renewal to the degree that offsets the current consumption of its assets (1.00) and provides for the effect of inflation.

High – less than 75%

A high risk ratio indicates the local government is having difficulty undertaking a sustained capital investment program sufficient to renew assets while also negating the effect of inflation on purchasing power over time.

The asset renewal funding ratio should be read in conjunction with asset consumption ratio and the asset sustainability ratio, The Department of Local Government and Communities provides a guideline for a satisfactory combination as follows:

ARFR – 95%+

ACR – 50%+

ASR – 90%+

A ratio classified as high risk should immediately prompt a review of the local government's depreciation rates and asset valuations to ensure that they are reasonable and are generating reliable and representative depreciation expenditure. It should also prompt a review of operations and revenue raising capacity necessary to support the ongoing asset base.

During the audit the auditors noted that information in relation to the Shire's current Asset Management Plan and Long Term Financial Plan were not sufficient to calculate the Asset Renewal Funding Ratio.

To enable calculation of this ratio and to help identify gaps between planned and required capital expenditure, Council will need to review and update both plans with the required information as soon as practicable.

OTHER FINANCIAL MANAGEMENT ISSUES

The Shire of Derby/West Kimberley's internal financial management systems are continuously reviewed on a regular basis to ensure that we deliver the best standard possible. Furthermore, the *Local Government (Financial Management) Regulations 1996* require the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of a local government at least every 4 years. A review was conducted in 2016 and the CEO concluded that the financial systems and procedures are both appropriate and effective. Notwithstanding this, a number of recommendations were made to help improve controls surrounding financial management which have since been implemented.

GRANTS – OPERATIONAL

The Shire of Derby/West Kimberley's untied Financial Assistance Grant, which is sourced from the Federal Government, was \$4.266 million in the 2015-16 year.

The WA Local Government Grants Commission has advised that the Shire of Derby/West Kimberley will be receiving \$4.292 million for their General Purpose Grant for 2016-17.

RATES

The Shire of Derby/West Kimberley still has a relatively low rating level, considering its overall revenue and the increasing requirements of the area. The yield from rates as a percentage of available operating revenue is very low when compared to many other rural Councils.

RESERVES – CASH BACKED

These are detailed in the annual financial report at the back of this document. The levels of the reserves are considered to be low for a Council of this size. Some of the transfers to the reserve accounts during the year were to the Staff Housing Reserve, Administration Building Construction Reserve and Capital Works/Buildings Reserve.

DOUBTFUL RECEIVABLES/DEBTOR EXPOSURE

Council's annual financial report gives details of its receivables position.

The outstanding rates amount at the end of the financial year was \$1,840,609.

An ongoing issue faced by Council is whether the land used by certain Aboriginal Corporations should be treated as non-rateable, as it may come

within the definitions of section 6.26(g) of the *Local Government Act 1995*. This effect will be felt in future years and may require an increase in the provisions for doubtful debts to cover the shortfall. This may result in there being the matter of 'lost' income in future years which will hinder Council's ability to continue to supply services at high levels and to replace and improve assets.

There are also a small number of other rate assessments owing reasonably high sums. An increase in the provision for doubtful debts has occurred during the year to recognise these amounts.

The majority of the sundry debtors amount is made up of grant funding owed to Council by Government Departments as at the close of the financial year. These are generally finalised within the first quarter of the next financial year.

LARGE PROJECT EXPOSURE

Council is mindful of the need to concentrate on existing assets, before a large number of new assets are considered.

Council does not currently have sufficient finances to fund the maintenance and repairs to all of its buildings to a satisfactory level, and certain buildings will have to be selected to be either 'moth balled' or disposed of.

Council is mindful that there is a need and community demand for the provision of new infrastructure. This is given greater attention in a separate progress report, as well as what has been adopted in Council's Plan for the Future of the District and Forward Capital Works Plan.

SHIRE OF DERBY-WEST KIMBERLEY

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:

Address

30 Loch Street

Derby WA 6728

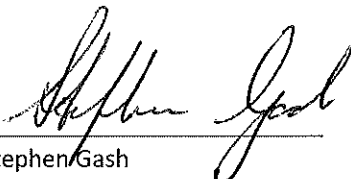
SHIRE OF DERBY-WEST KIMBERLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 21st day of April 2017



Stephen Gash
Chief Executive Officer

SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	22	6,703,075	6,539,478	6,384,140
Operating grants, subsidies and contributions	29	5,357,231	5,951,057	7,846,860
Fees and charges	28	5,743,712	4,775,669	4,751,397
Interest earnings	2(a)	334,451	392,543	415,389
Other revenue	2(a)	1,177,595	830,984	924,896
		<u>19,316,064</u>	<u>18,489,731</u>	<u>20,322,682</u>
Expenses				
Employee costs		(8,027,243)	(8,272,228)	(8,294,055)
Materials and contracts		(10,066,529)	(10,799,197)	(10,274,744)
Utility charges		(1,167,838)	(1,111,814)	(1,016,043)
Depreciation on non-current assets	2(a)	(9,049,744)	(6,820,090)	(4,193,176)
Interest expenses	2(a)	(127,647)	(127,840)	(137,567)
Insurance expenses		(816,616)	(797,922)	(804,032)
Other expenditure		(708,301)	(479,971)	(417,518)
		<u>(29,963,918)</u>	<u>(28,409,062)</u>	<u>(25,137,135)</u>
		(10,647,854)	(9,919,331)	(4,814,453)
Non-operating grants, subsidies and contributions	29	3,823,536	6,594,475	9,202,012
Profit on asset disposals	20	0	12,200	17,042
(Loss) on asset disposals	20	(337,263)	(55,666)	(33,979)
(Loss) on revaluation of Infrastructure	7(b)	0	0	(1,262,097)
Net result		(7,161,581)	(3,368,322)	3,108,525
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(191,171)	0	97,846,113
Total other comprehensive income		(191,171)	0	97,846,113
Total comprehensive income		(7,352,752)	(3,368,322)	100,954,638

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

SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		710,120	150,264	193,202
General purpose funding		9,012,502	9,131,321	13,325,666
Law, order, public safety		43,487	43,400	45,884
Health		551,182	587,580	530,188
Education and welfare		415,482	407,200	441,648
Housing		47,243	72,900	33,124
Community amenities		1,928,888	1,894,875	2,182,990
Recreation and culture		664,430	624,250	325,354
Transport		3,732,083	5,208,462	2,897,749
Economic services		302,015	304,649	281,011
Other property and services		1,908,632	64,830	65,866
		<u>19,316,064</u>	<u>18,489,731</u>	<u>20,322,682</u>
Expenses	2(a)			
Governance		(1,309,251)	(1,027,427)	(1,254,702)
General purpose funding		(440,180)	(176,530)	(129,881)
Law, order, public safety		(440,434)	(420,156)	(395,659)
Health		(975,723)	(1,111,033)	(928,497)
Education and welfare		(764,740)	(785,971)	(904,515)
Housing		(553,965)	(458,265)	(348,563)
Community amenities		(3,733,125)	(3,867,721)	(3,869,472)
Recreation and culture		(4,458,954)	(4,839,090)	(4,216,182)
Transport		(14,144,679)	(14,159,028)	(11,126,269)
Economic services		(922,236)	(924,413)	(976,592)
Other property and services		(2,092,984)	(511,588)	(849,236)
		<u>(29,836,271)</u>	<u>(28,281,222)</u>	<u>(24,999,568)</u>
Finance costs	2(a)			
Housing		(77,541)	(77,543)	(82,210)
Recreation and culture		(7,553)	(7,745)	(9,131)
Transport		(22,541)	(22,541)	(25,133)
Economic services		(20,012)	(20,011)	(21,093)
		<u>(127,647)</u>	<u>(127,840)</u>	<u>(137,567)</u>
		(10,647,854)	(9,919,331)	(4,814,453)
Non-operating grants, subsidies and contributions	29	3,823,536	6,594,475	9,202,012
Profit on disposal of assets	20	0	12,200	17,042
(Loss) on disposal of assets	20	(337,263)	(55,666)	(33,979)
(Loss) on revaluation of Infrastructure		0	0	(1,262,097)
		<u>3,486,273</u>	<u>6,551,009</u>	<u>7,922,978</u>
Net result		(7,161,581)	(3,368,322)	3,108,525
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(191,171)	0	97,846,113
Total other comprehensive income		(191,171)	0	97,846,113
Total comprehensive income		(7,352,752)	(3,368,322)	100,954,638

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

SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,852,695	10,941,758
Trade and other receivables	4	3,081,794	2,457,554
Inventories	5	103,305	100,668
TOTAL CURRENT ASSETS		<u>10,037,794</u>	<u>13,499,980</u>
NON-CURRENT ASSETS			
Other receivables	4	37,994	37,994
Property, plant and equipment	6	47,871,615	47,321,620
Infrastructure	7	143,681,025	148,320,894
TOTAL NON-CURRENT ASSETS		<u>191,590,634</u>	<u>195,680,508</u>
TOTAL ASSETS		<u>201,628,428</u>	<u>209,180,488</u>
CURRENT LIABILITIES			
Trade and other payables	8	3,777,126	3,919,157
Current portion of long term borrowings	9	133,267	144,470
Provisions	10	975,745	963,883
TOTAL CURRENT LIABILITIES		<u>4,886,138</u>	<u>5,027,510</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	2,023,261	2,142,971
Provisions	10	131,647	69,873
TOTAL NON-CURRENT LIABILITIES		<u>2,154,908</u>	<u>2,212,844</u>
TOTAL LIABILITIES		<u>7,041,046</u>	<u>7,240,354</u>
NET ASSETS		<u>194,587,382</u>	<u>201,940,134</u>
EQUITY			
Retained surplus		74,955,851	81,164,774
Reserves - cash backed	11	2,828,759	3,781,417
Revaluation surplus	12	116,802,772	116,993,943
TOTAL EQUITY		<u>194,587,382</u>	<u>201,940,134</u>

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

**SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		77,755,829	4,081,837	19,147,830	100,985,496
Comprehensive income					
Net result		3,108,525	0	0	3,108,525
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>97,846,113</u>	<u>97,846,113</u>
Total comprehensive income		3,108,525	0	97,846,113	100,954,638
Transfers from/(to) reserves		300,420	(300,420)	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2015		81,164,774	3,781,417	116,993,943	201,940,134
Comprehensive income					
Net result		(7,161,581)	0	0	(7,161,581)
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>(191,171)</u>	<u>(191,171)</u>
Total comprehensive income		(7,161,581)	0	(191,171)	(7,352,752)
Transfers from/(to) reserves		952,658	(952,658)	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2016		<u>74,955,851</u>	<u>2,828,759</u>	<u>116,802,772</u>	<u>194,587,382</u>

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

SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		6,160,331	7,039,478	5,952,879
Operating grants, subsidies and contributions		5,118,972	6,251,057	7,852,894
Fees and charges		5,743,712	4,925,669	4,948,261
Interest earnings		334,451	392,543	415,390
Goods and services tax		1,355,392	250,000	1,540,795
Other revenue		1,542,625	880,984	924,600
		<u>20,255,483</u>	<u>19,739,731</u>	<u>21,634,819</u>
Payments				
Employee costs		(7,892,536)	(8,157,228)	(8,183,508)
Materials and contracts		(10,258,123)	(10,582,930)	(10,425,653)
Utility charges		(1,167,838)	(1,111,814)	(1,034,180)
Interest expenses		(141,792)	(127,840)	(156,073)
Insurance expenses		(816,616)	(797,922)	(804,032)
Goods and services tax		(1,563,659)	0	(1,602,576)
Other expenditure		(708,301)	(479,971)	(422,596)
		<u>(22,548,865)</u>	<u>(21,257,705)</u>	<u>(22,628,618)</u>
Net cash provided by (used in) operating activities	13(b)	<u>(2,293,382)</u>	<u>(1,517,974)</u>	<u>(993,799)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(2,869,328)	(4,773,861)	(3,612,963)
Payments for construction of infrastructure		(2,624,276)	(8,654,813)	(3,259,888)
Non-operating grants, subsidies and contributions		3,823,536	6,594,475	13,312,492
Proceeds from sale of fixed assets		5,300	301,000	143,123
Funding provided for asset creation			0	0
Net cash provided by (used in) investment activities		<u>(1,664,768)</u>	<u>(6,533,199)</u>	<u>6,582,764</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(130,913)	(144,470)	(148,589)
Proceeds from new debentures		0	7,000,000	0
Net cash provided by (used in) financing activities		<u>(130,913)</u>	<u>6,855,530</u>	<u>(148,589)</u>
Net increase (decrease) in cash held		(4,089,063)	(1,195,643)	5,440,376
Cash at beginning of year		10,941,758	8,066,866	5,501,382
Cash and cash equivalents at the end of the year	13(a)	<u><u>6,852,695</u></u>	<u><u>6,871,223</u></u>	<u><u>10,941,758</u></u>

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

SHIRE OF DERBY-WEST KIMBERLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)		4,835,523	3,611,435	2,870,312
		4,835,523	3,611,435	2,870,312
Revenue from operating activities (excluding rates)				
Governance		710,120	150,264	196,887
General purpose funding		2,309,427	2,591,843	6,941,524
Law, order, public safety		43,487	43,400	45,884
Health		551,182	587,580	530,188
Education and welfare		415,482	407,200	441,648
Housing		47,243	72,900	33,124
Community amenities		1,928,888	1,894,875	2,182,990
Recreation and culture		664,430	624,250	325,354
Transport		3,732,083	5,220,662	2,897,749
Economic services		302,015	304,649	281,011
Other property and services		1,908,632	64,830	79,225
		12,612,989	11,962,453	13,955,584
Expenditure from operating activities				
Governance		(1,379,810)	(1,027,427)	(1,254,702)
General purpose funding		(440,180)	(176,530)	(129,881)
Law, order, public safety		(440,434)	(420,156)	(395,659)
Health		(993,448)	(1,111,033)	(931,470)
Education and welfare		(765,731)	(785,971)	(904,515)
Housing		(631,590)	(565,808)	(430,773)
Community amenities		(3,733,125)	(3,867,721)	(3,869,472)
Recreation and culture		(4,547,304)	(4,846,835)	(4,225,313)
Transport		(14,190,536)	(14,207,102)	(11,182,408)
Economic services		(942,248)	(944,424)	(997,685)
Other property and services		(2,236,775)	(511,721)	(849,236)
		(30,301,181)	(28,464,728)	(25,171,114)
Operating activities excluded from budget				
(Profit) on disposal of assets	20	0	(12,200)	(17,042)
Loss on disposal of assets	20	337,263	55,666	33,979
Movement in employee benefit provisions (non-current)		61,774	0	(37,627)
Depreciation and amortisation on assets	2(a)	9,049,744	6,820,090	4,193,176
Amount attributable to operating activities		(3,403,888)	(6,027,284)	(4,172,732)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		3,823,536	6,594,475	9,202,012
Proceeds from disposal of assets	20	5,300	301,000	143,123
Purchase of property, plant and equipment	6(b)	(2,869,328)	(4,773,861)	(3,612,963)
Purchase and construction of infrastructure	7(b)	(2,624,276)	(8,539,813)	(3,259,888)
Amount attributable to investing activities		(1,664,768)	(6,418,199)	2,472,284
FINANCING ACTIVITIES				
Repayment of debentures	21(a)	(130,913)	(144,470)	(148,589)
Proceeds from new debentures	21(a)	0	7,000,000	0
Less unspent amount of new borrowings		0	(5,000,000)	0
Unspent loan funds		0	400,000	0
Transfers to reserves (restricted assets)	11	(88,701)	(290,343)	(601,278)
Transfers from reserves (restricted assets)	11	1,041,359	2,201,060	901,698
Amount attributable to financing activities		821,745	4,166,247	151,831
Surplus(deficiency) before general rates		(4,246,911)	(8,279,236)	(1,548,617)
Total amount raised from general rates	22	6,703,075	6,539,478	6,384,140
Net current assets at June 30 c/fwd - surplus/(deficit)	23	2,456,164	(1,739,758)	4,835,523

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates

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

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

The local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

(b) 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.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) 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.

(e) Inventories

General

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

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

Land held for sale

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

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

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Revaluation

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

Land under roads

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

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

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

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

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

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual 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) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 an asset at its current service capacity.

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

(v) Financial liabilities

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

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

(k) Employee Benefits

Short-term employee benefits

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

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(l) 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.

(m) Provisions

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

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) 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.

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	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. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. 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.

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

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

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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.

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
- Audit of the Annual Financial Report	34,021	30,217	
- Audit fees associated with grant acquittals	2,300	4,100	
- Other Services	3,396	0	
Depreciation			
Buildings - non-specialised	1,210,266	1,089,262	
Furniture and equipment	11,203	12,214	
Plant and equipment	519,420	420,271	
Computer equipment	101,717	163,169	
Infrastructure - roads	5,260,969	1,835,413	
Infrastructure - footpaths	142,711	49,607	
Infrastructure - drainage	686,696	136,641	
Infrastructure - lands, parks and reserves	257,305	92,625	
Infrastructure - airports	804,125	201,850	
Infrastructure - street furniture	10,006	8,265	
Derby Wharf and precinct	45,326	183,859	
	<u>9,049,744</u>	<u>4,193,176</u>	
Interest expenses (finance costs)			
Debentures (refer Note 21 (a))	127,647	137,567	
	<u>127,647</u>	<u>137,567</u>	
Rental charges			
- Operating leases	5,775	6,845	
	<u>5,775</u>	<u>6,845</u>	
(ii) Crediting as revenue:			
Other revenue			
Reimbursements and recoveries	236,123	217,539	
Other	941,472	707,357	
	<u>1,177,595</u>	<u>924,896</u>	
	2016	2016	2015
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	88,702	140,343	126,279
- Other funds	85,505	105,000	126,219
Other interest revenue (refer note 27)	160,244	147,200	162,891
	<u>334,451</u>	<u>392,543</u>	<u>415,389</u>

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

GOVERNANCE

Objective:

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.

Activities:

GENERAL PURPOSE FUNDING

Objective:

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

Activities:

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

HEALTH

Objective:

Activities:

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

EDUCATION AND WELFARE

Objective:

Activities:

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

HOUSING

Objective:

Activities:

Management and maintenance of staff and rental housing.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

Activities:

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

RECREATION AND CULTURE

Objective:

Activities:

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

TRANSPORT

Objective:

Activities:

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

ECONOMIC SERVICES

Objective:

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

Activities:

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14	Received ⁽²⁾ 2014/15	Expended ⁽³⁾ 2014/15	Closing Balance ⁽¹⁾ 30/06/15	Received ⁽²⁾ 2015/16	Expended ⁽³⁾ 2015/16	Closing Balance 30/06/16
Governance								
Landcorp - Street Numbering Initiative	Governance	21,440	0	0	21,440	0	0	21,440
Health								
Office of Aboriginal Health	Health	168,947	468,638	(459,039)	178,546	484,167	(457,548)	205,165
Department of Health	Health	47,652	0	(24,216)	23,436	0	(18,791)	4,645
Department of Health	Health	0	24,784	(13,993)	10,791	15,321	(4,756)	21,356
Education and welfare								
Dept Local Government	Education and welfare	0	10,000	0	10,000	0	(2,726)	7,274
Various Youth Services	Education and welfare	0	392,116	(353,847)	38,269	0	(38,269)	0
Dept Corrective Services	Education and welfare	0	46,032	(35,972)	10,060	0	(1,186)	8,874
Dept Corrective Services	Education and welfare	3,877	0	0	3,877	0	0	3,877
Dept of Health	Education and welfare	11,616	0	(11,616)	0	154,280	(53,961)	100,319
Housing								
Country Local Government Fund	Housing	0	558,876	(10,449)	548,427	0	(539,451)	8,976
Community amenities								
Department of Planning	Community amenities	0	0	0	0	16,200	0	16,200
Department of Planning	Community amenities	0	323,933	(267,825)	56,108	0	(35,430)	20,678
Recreation and culture								
Children's Book Council	Recreation and culture	1,718	0	(1,718)	0	4,132	0	4,132
Lotterywest	Recreation and culture	0	0	0	0	30,000	(7,534)	22,466
Dept of Sport & Recreation	Recreation and culture	0	0	0	0	29,091	(24,328)	4,763
Kimberley Development Commission	Recreation and culture	18,795	0	0	18,795	0	(3,000)	15,795
Dept of Sport & Recreation	Recreation and culture	55,000	0	0	55,000	0	(4,350)	50,650
Landcorp - FX reticulation south of highway	Recreation and culture	10,165	0	0	10,165	0	(10,165)	0
Country Local Government Fund	Recreation and culture	0	70,000	0	70,000	79,642	(52,930)	96,712
Country Local Government Fund	Recreation and culture	0	0	0	0	140	(140)	0
Dept of Sport & Recreation	Recreation and culture	100,000	0	0	100,000	0	(100,000)	0
Public Libraries Australia - Derby Library Funding	Recreation and culture	1,998	0	0	1,998	0	(1,998)	0
Sports for All Program - Kidsport	Recreation and culture	299	0	0	299	0	(299)	0
Lotterywest Heritage Grant	Recreation and culture	0	11,000	(10,981)	19	0	(19)	0
Dept of Sport & Recreation - Swimming Pool	Recreation and culture	0	30,000	0	30,000	0	(30,000)	0

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14	Received ⁽²⁾ 2014/15	Expended ⁽³⁾ 2014/15	Closing Balance ⁽¹⁾ 30/06/15	Received ⁽²⁾ 2015/16	Expended ⁽³⁾ 2015/16	Closing Balance 30/06/16
Transport								
Regional Road Group RC035	Transport	128,000	278,133	(277,709)	128,424	453,334	(412,146)	169,612
WALGGS RC081 (Not tied)	Transport	27,222	0	0	27,222	0	(27,222)	0
Main Roads RC081	Transport	13,610	0	0	13,610	0	(13,610)	0
WALGGS RC168 (not tied)	Transport	152,225	0	0	152,225	0	(152,225)	0
WALGGS RC168 (not tied)	Transport	46,277	0	0	46,277	0	(46,277)	0
Main Roads RC168	Transport	76,453	0	(45,872)	30,581	0	(30,581)	0
Main Roads RC168	Transport	25,000	0	(15,000)	10,000	0	(10,000)	0
Main Roads RC168	Transport	0	22,000	0	22,000	0	(22,000)	0
WALGGS RC168 (not tied)	Transport	0	110,000	0	110,000	0	(110,000)	0
Main Roads RC168	Transport	0	33,600	0	33,600	0	(33,600)	0
Main Roads WA	Transport	0	172,800	(172,800)	0	187,800	(105,353)	82,447
Dept of Parks & Wildlife	Transport	0	0	0	0	180,000	0	180,000
FAGS RC180 (not tied)	Transport	0	150,000	(71,410)	78,590	0	(78,590)	0
Multi Purpose Transport Facility	Transport	0	2,874,891	0	2,874,891	0	(1,050,150)	1,824,741
Economic services								
Tourism WA	Economic services	0	0	0	0	15,790	0	15,790
Total		<u>910,294</u>	<u>5,576,803</u>	<u>(1,772,447)</u>	<u>4,714,650</u>	<u>1,649,897</u>	<u>(3,478,635)</u>	<u>2,885,912</u>

Grants received recognised as revenue

1,839,759

1,824,558

Grants received recognised as a liability - see Note 8

2,874,891

1,061,354

4,714,650

2,885,912

Notes:

(1) - Grants/contributions received in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were received 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 received in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,138,024	2,045,691
Restricted		5,714,671	8,896,067
		<u>6,852,695</u>	<u>10,941,758</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	441,107	430,997
Airport reserve	11	27,743	338,846
Plant reserve	11	93,882	287,808
Office and depot equipment reserve	11	32,110	31,374
Historical reserve	11	29,871	29,186
Derby Wharf maintenance reserve	11	3,628	3,545
Economic development reserve	11	19,436	18,991
Staff housing reserve	11	650,549	962,700
Fitzroy Crossing recreation hall reserve	11	45,599	44,554
Capital works/building reserve	11	442,261	536,572
Energy developments Ltd West Kimberley community	11	182,171	256,162
Administration building construction reserve	11	860,402	840,682
Unspent Loans	11	0	400,000
Unspent grants	2(c)	2,885,912	4,714,650
		<u>5,714,671</u>	<u>8,896,067</u>
4. TRADE AND OTHER RECEIVABLES			
		2016	2015
		\$	\$
Current			
Rates outstanding		1,840,609	1,297,865
Sundry debtors		1,437,574	1,199,315
GST receivable		345,407	137,140
Provision for doubtful debts		(604,890)	(193,622)
Other Receivables		63,094	16,856
		<u>3,081,794</u>	<u>2,457,554</u>
Non-current			
Rates outstanding - pensioners		37,994	37,994
		<u>37,994</u>	<u>37,994</u>
5. INVENTORIES			
Current			
Fuel and materials		103,305	100,668
		<u>103,305</u>	<u>100,668</u>

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6 (a). PROPERTY, PLANT AND EQUIPMENT	2016	2015
	\$	\$
Land - freehold		
- Independent valuation 2014 - level 2	6,834,000	6,834,000
	<u>6,834,000</u>	<u>6,834,000</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2013 - level 3	93,000	93,000
	<u>93,000</u>	<u>93,000</u>
	<u>6,927,000</u>	<u>6,927,000</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	36,367,675	36,367,675
- Additions after valuation - cost	3,545,381	3,141,738
Less accumulated depreciation	<u>(1,210,266)</u>	<u>(2,337,357)</u>
	<u>38,702,790</u>	<u>37,172,056</u>
	<u>38,702,790</u>	<u>37,172,056</u>
Total land and buildings	<u>45,629,790</u>	<u>44,099,056</u>
Furniture and equipment at:		
- Management valuation 2013 - level 2	0	60,643
- Management valuation 2016 - level 2	24,116	0
- Additions after valuation - cost	0	27,561
Less accumulated depreciation	<u>0</u>	<u>(37,366)</u>
	24,116	50,838
Plant and equipment at:		
- Management valuation 2013 - level 2	0	371,394
- Independent valuation 2013 - level 2	0	1,703,300
- Management valuation 2016 - level 2	2,107,085	0
- Additions after valuation - cost	0	1,340,208
Less accumulated depreciation	<u>0</u>	<u>(736,271)</u>
	2,107,085	2,678,631
Computer equipment at:		
- Independent valuation 2013 - level 2	0	591,633
- Management valuation 2016 - level 2	110,624	0
- Additions after valuation - cost	0	78,707
Less accumulated depreciation	<u>0</u>	<u>(361,071)</u>
	110,624	309,269
Computer software and licences (Intangibles)		
- Additions after valuation - cost	<u>0</u>	<u>27,500</u>
	0	27,500
Works in Progress at:		
- Additions after valuation - cost	0	156,326
Less accumulated depreciation	<u>0</u>	<u>0</u>
	0	156,326
	<u>47,871,615</u>	<u>47,321,620</u>

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	6,834,000	0	0	0	0	0	0	0	6,834,000
Land - vested in and under the control of Council	93,000	0	0	0	0	0	0	0	93,000
Total land	6,927,000	0	0	0	0	0	0	0	6,927,000
Buildings - non-specialised	37,172,056	2,586,401	(48,000)	0	0	0	(1,210,266)	202,599	38,702,790
Total buildings	37,172,056	2,586,401	(48,000)	0	0	0	(1,210,266)	202,599	38,702,790
Total land and buildings	44,099,056	2,586,401	(48,000)	0	0	0	(1,210,266)	202,599	45,629,790
Furniture and equipment	50,838	0	(15,519)	0	0	0	(11,203)	0	24,116
Plant and equipment	2,678,631	237,327	(102,161)	(198,024)	0	0	(519,420)	10,732	2,107,085
Computer equipment	309,269	45,600	(149,383)	6,853	0	0	(101,717)	2	110,624
Computer software and licences (Intangibles)	27,500	0	(27,500)	0	0	0	0	0	0
Works in Progress	156,326	0	0	0	0	0	0	(156,326)	0
Total property, plant and equipment	47,321,620	2,869,328	(342,563)	(191,171)	0	0	(1,842,606)	57,007	47,871,615

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land - freehold					
Land - freehold	Level 2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	July 2013	Price per hectare / market borrowing rate
Land - vested in and under the control of Council	Level 3	Improvements to land using income capitalisation approach	Independent registered valuer	June 2013	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 - non-specialised	Level 2	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	July 2013	Perth based construction rates with appropriate district allowance applied to each location
Furniture and equipment					
	Level 2	Market approach using recent observable market data for similar items	Management valuation	August 2016	Observable market data
Plant and equipment					
- Management valuation 2013	Level 2	Market approach using recent observable market data for similar items	Independent registered valuer		Open market values of similar items adjusted for condition and comparability.
	Level 2	Market approach using recent observable market data for similar items	Management valuation	August 2016	Observable market data
Computer equipment	Level 2	Market approach using recent observable market data for similar items	Management valuation	August 2016	Observable market data

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7 (a). INFRASTRUCTURE	2016	2015
	\$	\$
Infrastructure - roads		
- Independent valuation 2015 - level 3	162,980,507	162,980,507
- Management valuation 2015 - level 3	330,986	330,986
- Additions after valuation - cost	2,687,359	0
- Transfer from parks and reserves	35,993	0
Less accumulated depreciation	<u>(45,177,537)</u>	<u>(39,916,568)</u>
	120,857,308	123,394,925
Infrastructure - footpaths		
- Management valuation 2015 - level 3	2,831,355	2,831,355
Less accumulated depreciation	<u>(1,277,892)</u>	<u>(1,135,181)</u>
	1,553,463	1,696,174
Infrastructure - drainage		
- Management valuation 2015 - level 3	7,800,540	7,800,540
- Additions after valuation - cost	98,460	0
Less accumulated depreciation	<u>(1,329,391)</u>	<u>(642,695)</u>
	6,569,609	7,157,845
Infrastructure - lands, parks and reserves		
- Independent valuation 2015 - level 3	3,638,530	3,730,000
- Management valuation 2015 - level 3	698,659	698,659
Less accumulated depreciation	<u>(2,018,583)</u>	<u>(1,759,748)</u>
	2,318,606	2,668,911
Infrastructure - airports		
- Independent valuation 2015 - level 3	23,656,445	23,608,000
Less accumulated depreciation	<u>(14,187,125)</u>	<u>(13,383,000)</u>
	9,469,320	10,225,000
Infrastructure - street furniture		
- Management valuation 2015 - level 3	200,106	200,106
Less accumulated depreciation	<u>(135,061)</u>	<u>(125,055)</u>
	65,045	75,051
Derby Wharf and precinct		
- Management valuation 2015 - level 3	3,378,000	3,378,000
Less accumulated depreciation	<u>(530,326)</u>	<u>(485,000)</u>
	2,847,674	2,893,000
Infrastructure - works in progress		
- Cost	0	209,988
Less accumulated depreciation	<u>0</u>	<u>0</u>
	0	209,988
	<u>143,681,025</u>	<u>148,320,894</u>

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	123,394,925	2,477,371	0	0	0	0	(5,260,969)	245,981	120,857,308
Infrastructure - footpaths	1,696,174	0	0	0	0	0	(142,711)	0	1,553,463
Infrastructure - drainage	7,157,845	98,460	0	0	0	0	(686,696)	0	6,569,609
Infrastructure - lands, parks and reserves	2,668,911		0	0	0	0	(257,305)	(93,000)	2,318,606
Infrastructure - airports	10,225,000	48,445	0	0	0	0	(804,125)	0	9,469,320
Infrastructure - street furniture	75,051	0	0	0	0	0	(10,006)	0	65,045
Infrastructure - works in progress	209,988	0	0	0	0	0	0	(209,988)	0
Derby Wharf and precinct	2,893,000	0	0	0	0	0	(45,326)	0	2,847,674
Total infrastructure	<u>148,320,894</u>	<u>2,624,276</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,207,138)</u>	<u>(57,007)</u>	<u>143,681,025</u>

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - lands, parks and reserves	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - airports		Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
		Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - street furniture	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	2,541,974	948,944
Income received in advance	1,061,354	2,874,891
Accrued interest on debentures	0	14,145
ATO liabilities	61,071	0
Other payables	112,727	81,177
	<u>3,777,126</u>	<u>3,919,157</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	133,267	144,470
	<u>133,267</u>	<u>144,470</u>
Non-current		
Secured by floating charge		
Debentures	2,023,261	2,142,971
	<u>2,023,261</u>	<u>2,142,971</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	599,022	364,861	963,883
Non-current provisions	0	69,873	69,873
	<u>599,022</u>	<u>434,734</u>	<u>1,033,756</u>
Additional provision	(324,406)	178,267	(146,139)
Amounts used	219,775	0	219,775
Balance at 30 June 2016	<u>494,391</u>	<u>613,001</u>	<u>1,107,392</u>
Comprises			
Current	494,391	481,354	975,745
Non-current	0	131,647	131,647
	<u>494,391</u>	<u>613,001</u>	<u>1,107,392</u>

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	430,997	10,110	0	441,107	430,997	16,378	(15,000)	432,375	402,749	53,732	(25,484)	430,997
Airport reserve	338,846	7,948	(319,051)	27,743	338,846	12,537	(310,000)	41,383	328,886	11,213	(1,253)	338,846
Plant reserve	287,808	6,751	(200,677)	93,882	287,808	10,649	(249,482)	48,975	279,349	9,523	(1,064)	287,808
Office and depot equipment reserve	31,374	736	0	32,110	31,374	1,161	0	32,535	30,452	1,038	(116)	31,374
Historical reserve	29,186	685	0	29,871	29,186	1,080	0	30,266	33,181	1,131	(5,126)	29,186
Derby Wharf maintenance reserve	3,545	83	0	3,628	3,545	131	0	3,676	294,622	10,046	(301,123)	3,545
Economic development reserve	18,991	445	0	19,436	18,990	703	0	19,693	18,432	629	(70)	18,991
Staff housing reserve	962,700	22,582	(334,733)	650,549	962,700	35,620	(531,578)	466,742	1,257,893	129,999	(425,192)	962,700
Fitzroy Crossing recreation hall reserve	44,554	1,045	0	45,599	44,554	1,648	0	46,202	43,245	1,474	(165)	44,554
Capital works/building reserve	536,572	12,587	(106,898)	442,261	536,573	169,853	(700,000)	6,426	569,331	69,411	(102,170)	536,572
Aboriginal Environmental Health Reserve	0	0	0	0	0	0	0	0	6,598	224	(6,822)	0
Energy developments Ltd West Kimberley community donations reserve	256,162	6,009	(80,000)	182,171	256,163	9,478	(80,000)	185,641	277,750	9,470	(31,058)	256,162
Administration building construction reserve	840,682	19,720	0	860,402	840,682	31,105	(315,000)	556,787	539,349	303,388	(2,055)	840,682
	<u>3,781,417</u>	<u>88,701</u>	<u>(1,041,359)</u>	<u>2,828,759</u>	<u>3,781,418</u>	<u>290,343</u>	<u>(2,201,060)</u>	<u>1,870,701</u>	<u>4,081,837</u>	<u>601,278</u>	<u>(901,698)</u>	<u>3,781,417</u>

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

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

11. RESERVES - CASH BACKED

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

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. REVALUATION SURPLUS

	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	Decrement	Movement on	Balance	Balance	Increment	Decrement	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings surplus	18,418,571	1,920	0	1,920	18,420,491	18,418,571	0	0	0	18,418,571
Plant and equipment surplus	586,000	0	(47,910)	(47,910)	538,090	586,000	0	0	0	586,000
Computer equipment surplus	143,259	0	(143,259)	(143,259)	0	143,259	0	0	0	143,259
Roads surplus	86,075,918	103,085	0	103,085	86,179,003	0	86,075,918	0	86,075,918	86,075,918
Drainage surplus	4,685,908	0	0	0	4,685,908	0	4,685,908	0	4,685,908	4,685,908
Parks and Gardens surplus	1,665,859	6,853	(111,860)	(105,007)	1,560,852	0	1,665,859	0	1,665,859	1,665,859
Airports surplus	5,418,428	0	0	0	5,418,428	0	5,418,428	0	5,418,428	5,418,428
	<u>116,993,943</u>	<u>111,858</u>	<u>(303,029)</u>	<u>(191,171)</u>	<u>116,802,772</u>	<u>19,147,830</u>	<u>97,846,113</u>	<u>0</u>	<u>97,846,113</u>	<u>116,993,943</u>

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>6,852,695</u>	<u>6,871,223</u>	<u>10,941,758</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(7,161,581)	(3,368,322)	3,108,525
Non-cash flows in Net result:			
Depreciation	9,049,744	6,820,090	4,193,176
(Profit)/Loss on sale of asset	337,263	43,466	16,937
Fair value adjustments to fixed assets at fair value through profit or loss	0	0	1,262,097
Reversal of loss on revaluation of fixed assets	0		
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(624,240)	1,250,000	775,166
(Increase)/Decrease in inventories	(2,637)	25,000	29,815
Increase/(Decrease) in payables	(142,031)	191,267	2,734,939
Increase/(Decrease) in provisions	73,636	115,000	198,038
Grants contributions for the development of assets	<u>(3,823,536)</u>	<u>(6,594,475)</u>	<u>(13,312,492)</u>
Net cash from operating activities	<u>(2,293,382)</u>	<u>(1,517,974)</u>	<u>(993,799)</u>
(c) Undrawn Borrowing Facilities			
	2016		2015
	\$		\$
Credit Standby Arrangements			
Bank overdraft limit	0		0
Bank overdraft at balance date	0		0
Credit card limit	50,000		50,000
Credit card balance at balance date	<u>(2,756)</u>		<u>0</u>
Total amount of credit unused	<u>47,244</u>		<u>50,000</u>
Loan facilities			
Loan facilities - current	133,267		144,470
Loan facilities - non-current	<u>2,023,261</u>		<u>2,142,971</u>
Total facilities in use at balance date	<u>2,156,528</u>		<u>2,287,441</u>
Unused loan facilities at balance date	<u>NIL</u>		<u>NIL</u>

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

14. CONTINGENT LIABILITIES

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

- 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, assess the risk and agree with the Department of Environment Regulation the need and criteria for remediation on a risk based approach. This approach is consistent with the Department of Environment Regulation Guidelines.

15. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$
(a) Operating Lease Commitments		
The Shire did not have any future Operating Lease Commitments at the reporting date.		
The Shire did not have any future operating lease commitments at the reporting date.		
(b) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	0	1,400,140
- plant & equipment purchases		0
Payable:		
- not later than one year	0	1,400,140

The capital expenditure projects outstanding at the end of the previous reporting period represents:
New staff housing units on Clarendon Street and Road Construction.

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	2,473,498	2,571,066
General purpose funding	1,459,044	13,499,983
Law, order, public safety	531,128	554,799
Health	259,146	375,838
Education and welfare	1,711,253	2,555,978
Housing	12,829,591	9,713,318
Community amenities	712,515	1,924,659
Recreation and culture	17,808,537	15,781,034
Transport	148,550,146	153,839,289
Economic services	5,345,975	5,115,368
Other property and services	5,136,002	3,249,156
Unallocated	4,811,593	0
	<u>201,628,428</u>	<u>209,180,488</u>

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

18. FINANCIAL RATIOS	2016	2015	2014
Current ratio	0.97	1.00	1.68
Asset sustainability ratio	0.36	0.64	3.42
Debt service cover ratio	(6.99)	(6.16)	8.57
Operating surplus ratio	(0.84)	(0.52)	(0.43)
Own source revenue coverage ratio	0.43	0.47	0.59

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 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:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 61 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015 and the loss on revaluation of Infrastructure in 2015.

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

The loss on revaluation of Infrastructure decreased operating revenue in 2015 by \$1,262,067.

These adjustments were considered to be "one-off" and if recognised in the year to which the Financial Assistance Grant allocation related or ignored due to the non cash effect of the revaluation adjustment, the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	3.13	(10.90)
Operating surplus ratio	(0.65)	(0.63)

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

19. 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 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Prepaid/Overpaid Rates	2,215	0	0	2,215
Deposits - Hall	7,744	32,100	(20,310)	19,534
Deposits - Other	335,328	17,520	(15,810)	337,038
Grants - Other	91	0	(91)	0
BCITF Levies	2,058	24,010	(25,620)	448
BRB Levies	831	26,670	(23,120)	4,381
FX Visitors Centre Tour Groups	31,786	198,470	(214,570)	15,686
Sale of Art	4,365	16,060	(16,450)	3,975
Cemetery Publications	956	0	0	956
Parking/Footpath/Streets Contributions	274,173	0	0	274,173
Overpayments	0	500	(500)	0
	<u>659,547</u>			<u>658,406</u>

20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
By Program								
Governance	70,559	0	0	(70,559)	0	0	0	0
Health	17,725	0	0	(17,725)	0	0	0	0
Education and Welfare	991	0	0	(991)	0	0	0	0
Housing	84	0	0	(84)	290,000	260,000	0	(30,000)
Recreation and Culture	80,797	0	0	(80,797)	0	0	0	0
Transport	25,434	2,118	0	(23,316)	25,333	12,000	0	(13,333)
Other Property and Services	146,973	3,182	0	(143,791)	29,133	29,000	0	(133)
	<u>342,563</u>	<u>5,300</u>	<u>0</u>	<u>(337,263)</u>	<u>344,466</u>	<u>301,000</u>	<u>0</u>	<u>(43,466)</u>

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015	New Loans	Principal Repayments		Principal 30 June 2016		Interest Repayments	
	\$		Actual	Budget	Actual	Budget	Actual	Budget
Housing								
Loan 136 - Staff Housing	188,406		15,948	15,948	172,458	172,457	12,006	12,006
Loan 146 - Staff Housing	799,156		33,224	33,224	765,932	765,931	49,527	49,527
Loan 148 - Staff Housing	360,154		14,506	14,506	345,648	345,648	16,009	16,009
Recreation and culture								
Loan 135 - Civic Centre Renovations	149,312		13,200	26,757	136,112	122,555	7,552	7,746
Transport								
Loan 144 - Fitzroy Crossing Airport Reseal	17,870		17,870	17,870	0	0	700	700
Loan 145 - Wharf Fenders and Boat Ramp	322,349		18,033	18,033	304,316	321,171	21,841	21,841
Loan 150 - Derby Wharf Revitalisation	0		0	0	0	5,800,000	0	0
Loan 151 - Derby Airport Infrastructure	0		0	0	0	1,200,000	0	0
Economic services								
Loan 149 - Derby Visitors Centre	450,194		18,132	18,132	432,062	432,061	20,012	20,011
Other property and services								
	<u>2,287,441</u>	<u>0</u>	<u>130,913</u>	<u>144,470</u>	<u>2,156,528</u>	<u>9,159,823</u>	<u>127,647</u>	<u>127,840</u>

All loan repayments were financed by general purpose revenue.

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used		Balance Unspent
	Actual	Budget						Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Loan 150 - Derby Wharf Revitalisation	0	5,800,000	N/A	N/A	N/A	N/A	N/A	0	5,800,000	0
Loan 151 - Derby Airport Infrastructure	0	1,200,000	N/A	N/A	N/A	N/A	N/A	0	1,200,000	0
	<u>0</u>	<u>7,000,000</u>				<u>0</u>		<u>0</u>	<u>7,000,000</u>	<u>0</u>

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General rate											
Gross rental value valuations											
GRV	10.584500	1,508	41,782,370	4,422,454	(118,322)	0	4,304,132	4,422,454	(120,000)	0	4,302,454
Unimproved value valuations											
UV Residential	20.6648	1	22,500	4,650	0	0	4,650	4,650	0	0	4,650
UV Commercial	20.6648	1	75,000	15,499	0	0	15,499	15,500	0	0	15,500
UV Mining	25.5066	105	4,484,350	1,143,805	0	0	1,143,805	1,143,805	0	0	1,143,805
UV Pastoral	6.2181	40	14,399,154	895,354	0	0	895,354	895,354	0	0	895,354
UV Islands	20.6648	1	250,000	51,662	0	0	51,662	51,662	0	0	51,662
UV Other Locations	20.6648	4	175,000	36,163	0	0	36,163	36,163	0	0	36,163
UV Concessions Raised	20.6648	3	675,000	139,487	0	0	139,487	139,487	0	0	139,487
Sub-Total		1,663	61,863,374	6,709,074	(118,322)	0	6,590,752	6,709,075	(120,000)	0	6,589,075
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV	925	115	491,475	106,375	0	0	106,375	106,375	0	0	106,375
UV	925	82	165,087	75,850	0	0	75,850	75,850	0	0	75,850
Unimproved value valuations											
Sub-Total		197	656,562	182,225	0	0	182,225	182,225	0	0	182,225
		1,860	62,519,936	6,891,299	(118,322)	0	6,772,977	6,891,300	(120,000)	0	6,771,300
Discounts (refer note 26)							(69,902)				(216,822)
Total amount raised from general rate							6,703,075				6,554,478
Write offs							0				(15,000)
Totals							6,703,075				6,539,478

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>2,456,164</u>	<u>4,835,523</u>	<u>4,835,523</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,138,024	2,045,691	2,045,691
Restricted	5,714,671	8,896,067	8,896,067
Receivables			
Rates outstanding	1,840,609	1,297,865	1,297,865
Sundry debtors	1,437,574	1,199,315	1,199,315
Provision for doubtful debts	(604,890)	(193,622)	(193,622)
GST receivable	345,407	137,140	137,140
Accrued Income	63,094	16,856	16,856
Inventories			
Fuel and materials	103,305	100,668	100,668
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(2,541,974)	(948,944)	(948,944)
Accrued interest on debentures	0	(14,145)	(14,145)
Income received in advance	(1,061,354)	(2,874,891)	(2,874,891)
ATO liabilities	(61,071)	0	0
Other payables	(112,727)	(81,177)	(81,177)
Current portion of long term borrowings			
Secured by floating charge	(133,267)	(144,470)	(144,470)
Provisions			
Provision for annual leave	(494,391)	(599,022)	(599,022)
Provision for long service leave	(481,354)	(364,861)	(364,861)
Unadjusted net current assets	<u>5,151,656</u>	<u>8,472,470</u>	<u>8,472,470</u>
Adjustments			
Less: Reserves - restricted cash	(2,828,759)	(3,781,417)	(3,781,417)
Add: Current portion of long term borrowings			
Secured by floating charge	133,267	144,470	144,470
Adjusted net current assets - surplus/(deficit)	<u><u>2,456,164</u></u>	<u><u>4,835,523</u></u>	<u><u>4,835,523</u></u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire of Derby-West Kimberley did not levy specified area rates in 2015/16.

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR

Rates Discounts

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Discount on current rates	2.00%	69,902	71,713	A discount is offered to rate payers whose payment of the full amount, including arrears and other charges is received on or before 35 days after the date appearing on the rate notice. The discount will apply to interim rates issued after the billing date.
		<u>69,902</u>	<u>71,713</u>	

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS (Continued)

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$
Various concessions as detailed below	Concession	50%		
Staff use of Shire facilities	Concession	50%		
Community Organisations	Concession	100%		
			<u>145,037</u>	<u>145,109</u>
Various concessions as detailed below	Concession	50%	<u>145,037</u>	<u>145,109</u>

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Community Organisations	50% of facilities hire fees payable by the Organisation	To recognise contributions to the community by the Club	Support to the Club for the contribution made.
Landing Fees Royal Flying Doctor Service	50% of Landing Fees	To recognise the essential community service delivered by the RFDS	To retain the RFDS service in the community
Staff use of Shire facilities	50% of use of Council managed Recreation and Aquatic Facilities	To improve the physical and health lifestyle of permanent Council employees.	To protect the health and lifestyle of staff

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	30-Sep-15			11.00%
Option Two				
First Instalment	30-Sep-15			
Second Instalment	02-Feb-16	10	5.50%	
Option Three				
First Instalment	30-Sep-15			
Second Instalment	01-Dec-15	10	5.50%	
Third Instalment	02-Feb-16	10	5.50%	
Fourth Instalment	06-Apr-16	10	5.50%	
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			141,252	125,000
Interest on unpaid Emergency Services Levy			685	2,200
Interest on instalment plan			18,992	20,000
Charges on instalment plan			7,880	10,000
			<u>168,809</u>	<u>157,200</u>

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

28. FEES & CHARGES	2016	2015
	\$	\$
Governance	41,389	41,310
General purpose funding	11,583	9,527
Law, order, public safety	19,194	17,384
Health	46,020	49,296
Education and welfare	126	699
Housing	38,220	30,068
Community amenities	1,886,136	1,859,056
Recreation and culture	156,666	148,069
Transport	1,672,437	2,525,432
Economic services	37,980	36,487
Other property and services	1,833,961	34,069
	<u>5,743,712</u>	<u>4,751,397</u>

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

29. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	2,108,430	6,482,142
Health	499,489	477,063
Education and welfare	373,621	418,492
Community amenities	16,200	323,934
Recreation and culture	384,466	10,959
Transport	1,951,310	100,061
Economic services	15,791	27,474
Other property and services	7,924	6,735
	<u>5,357,231</u>	<u>7,846,860</u>
Non-operating grants, subsidies and contributions		
General purpose funding	1,152,367	2,615,307
Housing	0	3,079,968
Recreation and culture	233,865	100,000
Transport	2,437,304	3,222,107
Economic services	0	184,630
	<u>3,823,536</u>	<u>9,202,012</u>
	<u>9,180,767</u>	<u>17,048,872</u>

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

30. EMPLOYEE NUMBERS

	2016	2015
The number of full-time equivalent employees at balance date	<u>69</u>	<u>79</u>

31. ELECTED MEMBERS REMUNERATION

	2016	2016 Budget		2015
	\$	\$		\$
The following fees, expenses and allowances were paid to council members and/or the president.				
President's attendance fees	0	0		0
Members' attendance fees	142,592	154,125		137,114
President's allowance	38,418	40,000		45,000
Deputy President's allowance	9,604	11,250		10,841
Travelling expenses	64	50,000		26,042
Telecommunications allowance	24,440	31,500		30,600
	<u>215,118</u>	<u>286,875</u>		<u>249,597</u>

32. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/16 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/2016 financial year.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	6,852,695	10,941,758	6,852,695	10,941,758
Receivables	3,119,788	2,495,548	3,119,788	2,495,548
	<u>9,972,483</u>	<u>13,437,306</u>	<u>9,972,483</u>	<u>13,437,306</u>
Financial liabilities				
Payables	3,777,126	3,919,157	3,777,126	3,919,157
Borrowings	2,156,528	2,287,441	3,006,765	2,287,441
	<u>5,933,654</u>	<u>6,206,598</u>	<u>6,783,891</u>	<u>6,206,598</u>

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.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

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

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

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

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

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

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	88,475	101,846
- Statement of Comprehensive Income	88,475	101,846

Notes:

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	1%
- Overdue	100%	99%
Percentage of other receivables		
- Current	92%	70%
- Overdue	8%	30%

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	3,777,126	0	0	3,777,126	3,777,126
Borrowings	0	120,722	2,886,043	3,006,765	2,156,528
	<u>3,777,126</u>	<u>120,722</u>	<u>2,886,043</u>	<u>6,783,891</u>	<u>5,933,654</u>
<u>2015</u>					
Payables	3,919,157	0	0	3,919,157	3,919,157
Borrowings	272,939	1,246,812	1,856,897	3,376,648	2,287,441
	<u>4,192,096</u>	<u>1,246,812</u>	<u>1,856,897</u>	<u>7,295,805</u>	<u>6,206,598</u>

**SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
Year ended 30 June 2016								
Borrowings								
Fixed rate								
Debentures	0	0	0	(136,112)	0	(2,020,416)	(2,156,528)	5.71%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	5.42%	0.00%	5.72%		
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debentures	0	(17,871)	0	0	(149,312)	(2,120,258)	(2,287,441)	5.84%
Weighted average Effective interest rate	0.00%	6.37%	0.00%	0.00%	5.27%	4.55%		

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. PRIOR PERIOD CORRECTION

During the year ended 2015, the Derby Wharf was recognised as an asset of the Shire when it is actually only leased from the State Government. This required a reversal of the value relating to the wharf previously capitalised. Leasehold improvements funded by the Shire, remain as an asset of Council and are depreciated over the remaining life of the lease.

The following adjustments have been made to comparative amounts in the 30 June 2015 Financial Report to reflect changes associated with the above correction.

	Financial Reports 2015 \$	Corrected Comparative 2015 \$	Adjustment \$
STATEMENT OF COMPREHENSIVE INCOME			
<i>By Nature & Type and By Program</i>			
Revaluation decrement - Profit and Loss	(404,152)	(1,262,087)	(857,935)
Changes on revaluation of non-current assets	106,088,178	97,846,113	(8,242,065)
Total Comprehensive income	110,054,639	100,954,639	(9,100,000)
STATEMENT OF FINANCIAL POSITION			
Infrastructure	157,420,894	148,320,894	(9,100,000)
Retained Surplus	82,022,709	81,164,774	857,935
Revaluation Surplus	125,236,008	116,993,943	(8,242,065)
STATEMENT OF CHANGES IN EQUITY			
Revaluation surplus - Changes on revaluation on non-current assets			
Balance at 30 June 2015	125,236,008	116,993,943	(8,242,065)
Retained surplus	82,022,709	81,164,774	(857,935)
Total equity	211,040,134	201,940,134	(9,100,000)
NOTE 7 (a) INFRASTRUCTURE			
Derby Wharf and Precinct			
Independent Valuation 2015 - Level 3	77,678,000	3,378,000	(74,300,000)
Less Accumulated Depreciation	(65,685,000)	(485,000)	65,200,000
NOTE 7 (b) Movements in carrying amounts			
Balance at the beginning of the year - Derby Wharf and Precinct			
	11,993,000	2,893,000	(9,100,000)
NOTE 12 REVALUATION SURPLUS			
Derby Wharf and Precinct			
Revaluation Increment	8,242,065	0	(8,242,065)
NOTE 17 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY			
Transport	162,939,289	153,839,289	(9,100,000)

**SHIRE OF DERBY-WEST KIMBERLEY
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio	0.74	0.619	0.77
Asset renewal funding ratio	N/A	1.058	0.95

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Derby-West Kimberley, which comprises the statement of financial position as at 30 June 2016, 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.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation and fair presentation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF DERBY-WEST KIMBERLEY (CONTINUED)**

Report on Other Legal and Regulatory Requirements

During the course of the audit we became aware of the following instances where the Shire did not comply with the *Local Government Act 1995 (as amended)* and *Local Government (Financial Management) Regulations 1996 (as amended)*:

Submission of Financial Report

The accounts and financial report for the year ended 30 June 2016 were not submitted to the auditor by 30 September 2016 as required by Section 6.4(3) of the Act.

Investment Policy

Our review of the Shire's investment policy regarding the restrictions on investment of money revealed it does not comply with Financial Management Regulation 19C.

Differential Rates

The reasons the rates differed from those set forth in the public notice were not included in the rate notice or information accompanying as required by Financial Management Regulation 56(4)(b).

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 2016 and 30 June 2015;
 - 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) No other matters indicating non-compliance with Part 6 of the *Local Government Act 1995 (as amended)*, the *Local Government (Financial Management) Regulations 1996 (as amended)* or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 63 of this report, we have reviewed the calculation for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not:
 - i. reasonably calculated; and
 - ii. based on verifiable information.

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

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

MOORE STEPHENS
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Signed at Perth this 21st day of April 2017.