



**Shire of Derby /
West Kimberley**

MINUTES

Annual General Meeting Thursday, 15 April 2021

Date: Thursday, 15 April 2021

Time: 7.00pm

**Location: Council Chambers
Clarendon Street
Derby**



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**MINUTES OF SHIRE OF DERBY / WEST KIMBERLEY
ANNUAL GENERAL MEETING
HELD AT THE COUNCIL CHAMBERS, CLARENDON STREET, DERBY
ON THURSDAY, 15 APRIL 2021 AT 7.00PM**

PRESENT: Cr Geoff Haerewa (Shire President), Cr Chris Kloss, Cr Paul White (Deputy Shire President), Cr Steve Ross, Cr Andrew Twaddle, Cr Keith Bedford

IN ATTENDANCE: Amanda O'Halloran (Chief Executive Officer), Wayne Neate (Director Technical and Development Services), Neil Hartley (Director of Strategic Business), Sarah Smith (Executive Services Coordinator), Kylie Hartley (Media and Communications Officer)

VISITORS: Nil

GALLERY: Nil

APOLOGIES: Cr Rowena Mouda, Cr Geoff Davis, Cr Pat Riley

APPROVED LEAVE OF ABSENCE: Nil

ABSENT: Nil

1 DECLARATION OF OPENING, ANNOUNCEMENTS OF VISITORS

The meeting was opened at 7:00pm by Geoff Haerewa.

2 ATTENDANCE VIA TELEPHONE/INSTANTANEOUS COMMUNICATIONS

In accordance with regulation 14A of the Local Government (Administration) Regulations 1996 Council must approve (by Absolute Majority) the attendance of a person, not physically present at a meeting of Council, by audio contact. The person must be in a 'suitable place' as approved (by absolute majority) by Council. A 'suitable place' means a place that is located in a townsite or other residential area and 150km or further from the place at which the meeting is to be held.

- Cr Keith Bedford

3 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

COMMITTEE RESOLUTION AGMCC01/21

Moved: Cr Paul White

Seconded: Cr Andrew Twaddle

RECOMMENDATION

That That the Minutes of the Annual General Meeting of Electors of the Shire of Derby/West Kimberley held at Council Chambers, Derby on 4 February 2020 be confirmed.

In Favour: Crs Geoff Haerewa, Chris Kloss, Paul White, Steve Ross, Keith Bedford and Andrew Twaddle

Against: Nil

CARRIED 6/0

REPORTS

4 EXECUTIVE SERVICES

4.1 PRESENTATION OF THE 2019/2020 ANNUAL REPORT

ATTACHMENTS

1. Shire of Derby/West Kimberley - Annual Report 2019-20  

COMMITTEE RESOLUTION AGMCC02/21

Moved: Cr Andrew Twaddle

Seconded: Cr Steve Ross

That the Annual Report for the period 1 July 2019 to 30 June 2020 as presented, be received.

In Favour: Crs Geoff Haerewa, Chris Kloss, Steve Ross, Andrew Twaddle, Keith Bedford and Paul White

Against: Nil

CARRIED 6/0



**Shire of Derby /
West Kimberley**

Annual Report
2019/20

 www.sdwk.wa.gov.au

Annual Report prepared by Market Creations

OUR ANNUAL REPORT

The Shire of Derby/West Kimberley proudly presents this annual report which highlights our activities and achievements over the 2019/20 financial year.

With an emphasis on best practice and continual improvement, the information in these pages sets out a snapshot of the Shire's progress over this period focusing on community, infrastructure, environment and strategic direction.

It is organised to align with our Strategic Community Plan 2012-2021 and Corporate Business Plan 2018 - 2022. These plans highlight the strategic vision for the Derby/West Kimberley Shire based on the following themes:

Community Wellbeing

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

Environment

A balance between natural and built environments that meet the needs of the community and supports future growth.

Strong Local Economy

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

Good Governance

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

Our annual report focuses on the key projects delivered in 2019/20, under each theme, documenting our progress towards realising our community vision:

'A friendly and diverse place with awesome opportunities.'

Copies of the Strategic Community Plan 2012-2021 can be downloaded from our website

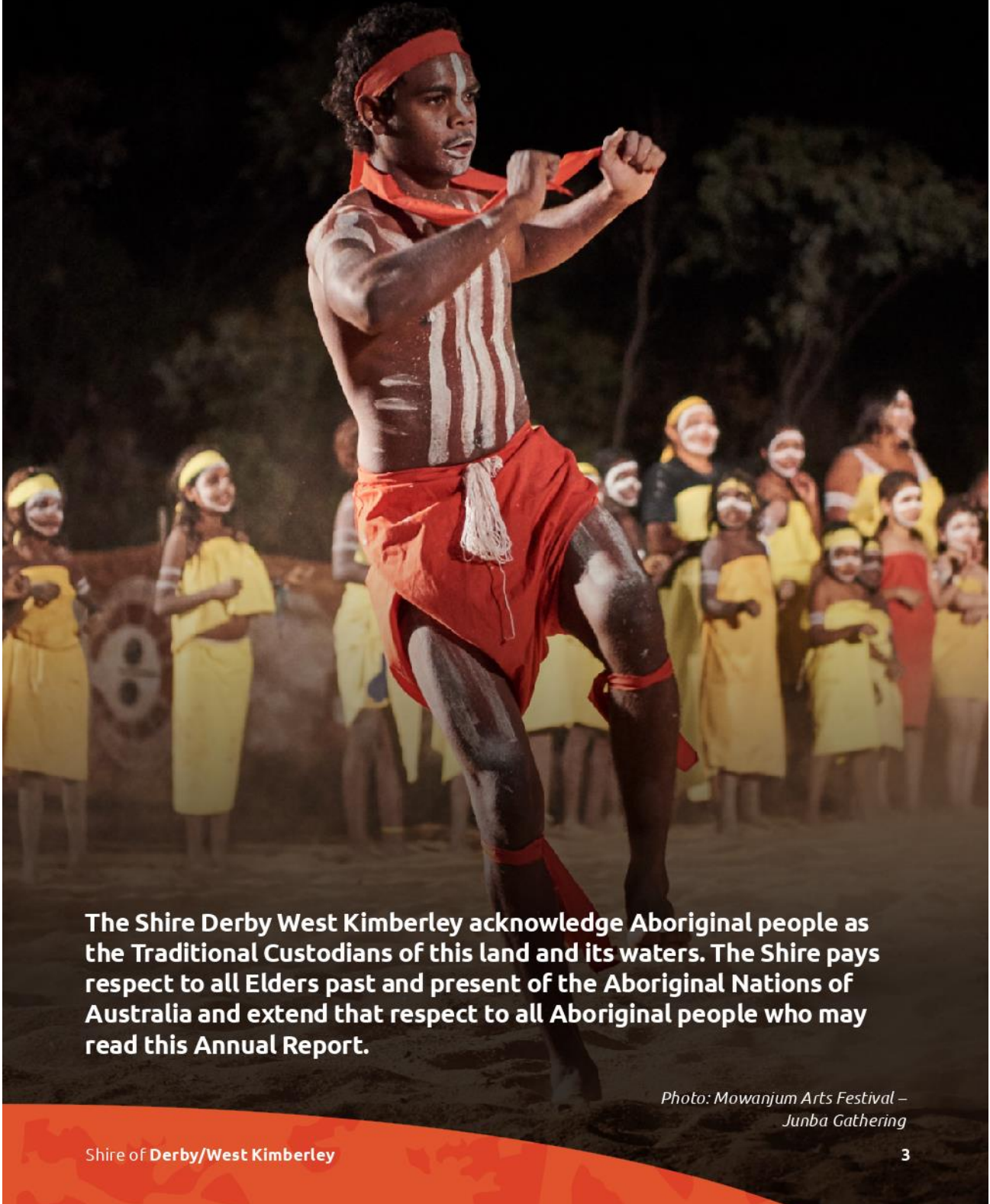
<https://www.sdwk.wa.gov.au/council/integrated-planning-reporting/strategies-plans-reports.aspx>

Our financial statements have been certified by an independent auditor.



Annual Report 2019-2020

ACKNOWLEDGEMENT OF COUNTRY



The Shire Derby West Kimberley acknowledge Aboriginal people as the Traditional Custodians of this land and its waters. The Shire pays respect to all Elders past and present of the Aboriginal Nations of Australia and extend that respect to all Aboriginal people who may read this Annual Report.

*Photo: Mowanjum Arts Festival –
Junba Gathering*

Shire of Derby/West Kimberley

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OUR COMMUNITY AND ABORIGINAL HERITAGE

The area now known as the Shire of Derby/West Kimberley has a diverse Indigenous Australian heritage.

Across this area a large number of language and cultural groups have a long history that predates European contact.

Traditionally, prior to contact, Aboriginal people from the Warrwa, Bardi, Jawi, Ngarinyin, Worrorra, Nyikina, Mangala, Unggumi, Bunuba, Walmajarri, Kija, Gooniyandi, Oogardang, Oomeday, Yow Jabi and Wangkatjunka language groups (among others) would interact for law and ceremonial business.

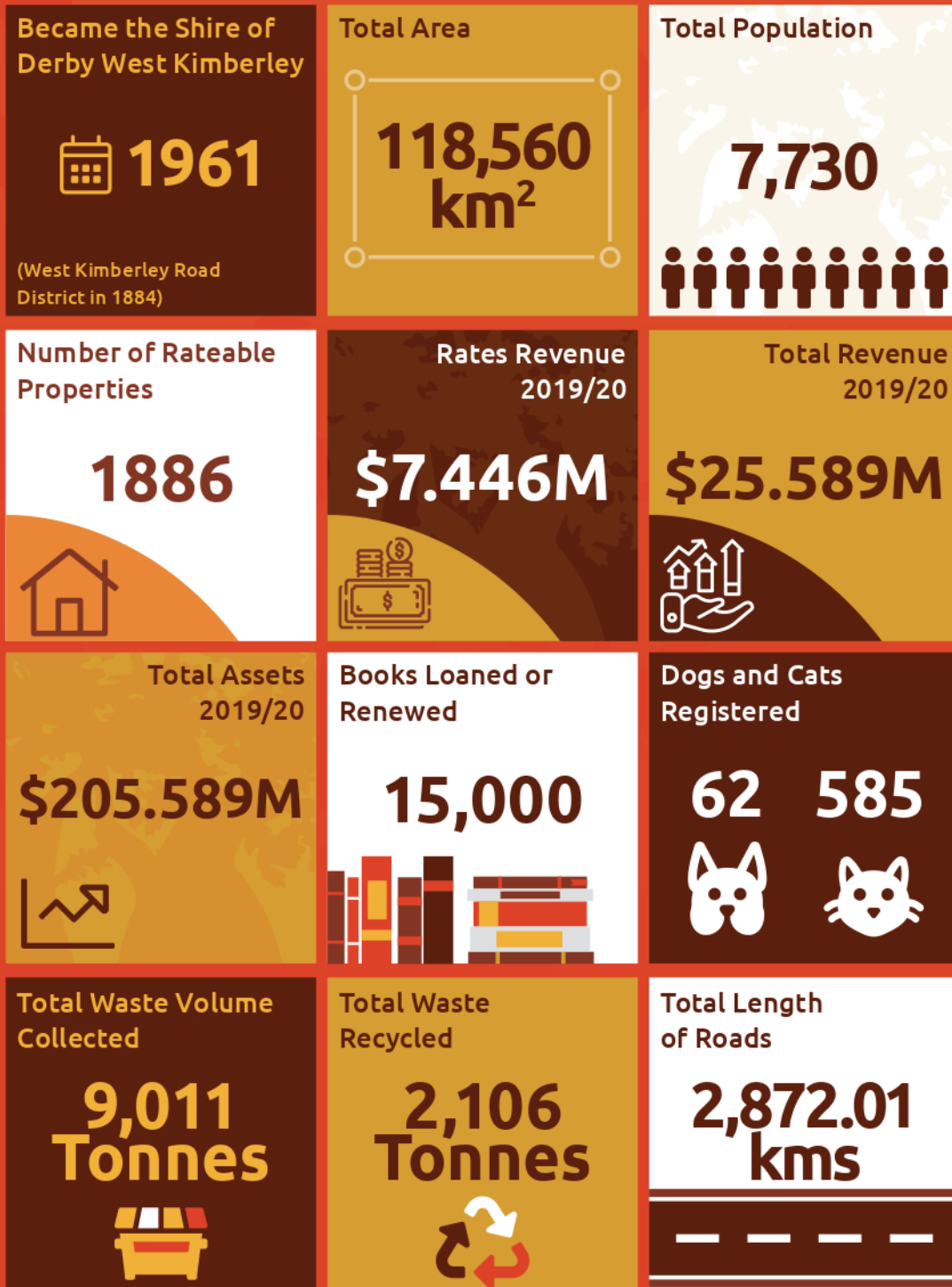
Our Shire is home to over 7,730 people living in 54 sites across the vast West Kimberley.

The Gibb River Road, the mighty Fitzroy River, the Devonian Reef and the amazing Horizontal Waterfalls are just a few of the incredible assets that make up our 118,560km².

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.



QUICK FACTS



PRESIDENT AND CHIEF EXECUTIVE OFFICER'S REPORT

The Shire of Derby/West Kimberley has been significantly impacted by COVID-19 in 2019/20 and sadly, many planned event and activities had to be cancelled or postponed.

The global pandemic also had a negative effect on international and national tourism in our Shire and the Kimberley region. With the uncertainty of the impact on tourism, it is expected that the community and industry will have many challenges moving forward. We are confident however, that the Councillors and staff will work together with the community and industry to face these challenges.

Despite the negative impacts of COVID-19, the 2019/20 financial year has seen some roadworks and infrastructure upgrades progress including the installation of CCTV; the Fitzroy Crossing Airport fencing; and the reconstruction of Knowsley Street West Stage 3 and Sutherland Street in Derby.

The Shire's Aboriginal Environmental Health Unit (AEHU) has once again been invaluable with their delivery of environmental health services to Aboriginal communities located across the Shire. The unit, with their 'LIVE DEADLY' environmental health promotion campaign were also able to leverage their connections and health promotion skills to play a leadership role in raising awareness about the COVID-19 pandemic to communities across the Shire.

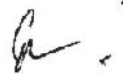
The libraries in Fitzroy Crossing and Derby, and the Derby Memorial Swimming Pool, both continued to be well patronised.

Using creativity to problem-solve during the COVID-19 shutdown, some activities went online (such as library Story Time and Rhyme Time, and keep fit videos), which proved a popular alternative and helped boost community wellbeing.

During the year, the Shire welcomed the newly elected and returned Councillors following the October 2019 local government elections. We also recognised the retiring Councillors for their significant contribution in serving the community.

The Shire is already well along the path of consultation ahead of drafting the next 10-year Strategic Community Plan in 2021, and is actively engaging with as many of its community and stakeholders as possible so that everyone has the opportunity to provide input into the vision and priorities for the upcoming decade.

On behalf of my fellow Councillors, we would like to thank all Shire Councillors and staff for their efforts in this most challenging – but promising – of years and look forward to working together in a similar spirit of cooperation in the year ahead.



Geoff Haerewa
President



Amanda O'Halloran
Chief Executive Officer



COUNCILLORS



Cr Geoff Haerewa
President
Term Expires 2021



Cr Paul White
Deputy President
Term Expires 2023



Cr Keith Bradford
Councillor
Term Expires 2023



Cr Rowena Mouda
Councillor
Term Expires 2023



Cr Pat Riley
Councillor
Term Expires 2023



Cr Steve Ross
Councillor
Term Expires 2023



Cr Geoff Davis
Councillor
Term Expires 2021



Cr Chris Kloss
Councillor
Term Expires 2021



Cr Andrew Twaddle
Councillor
Term Expires 2021



Cr Denise Andrews
Councillor
Term Expired 2019



Cr Peter Coggins
Councillor
Term Expired 2019



Cr Peter McCumstie
Councillor
Term Expired 2019



Cr Iris Prouse
Councillor
Term Expired 2019

Elected Members Attendance at Council Meetings

Elected Members attended the following Ordinary and Special Council Meetings Council meetings during the 2019/20 year:

Councillor	5	25	29	25	24	31	21	12	4	27	26	30	28	18	25
	Jul	Jul	Aug	Sep	Oct	Oct	Nov	Dec	Feb	Feb	Mar	Apr	May	Jun	Jun
	2019	2019	2019	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020	2020	2020
	SCM	OCM	OCM	OCM	SCM	OCM	OCM	OCM	AGM	OCM	OCM	OCM	OCM	SCM	OCM
P White	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
P Coggins		✓	✓	✓											
C Kloss	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	✓	✓	✓	✓	✓
P McCumstie	✓	✓	✓	✓											
I Prouse	✓	✓	✓	✓											
A Twaddle	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
G Davis			✓	✓	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	✓
G Haerewa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
D Andrews	✓		✓	✓											
R Mouda					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
P Riley					✓	✓	LOA	✓	A	✓	A	LOA	LOA	✓	✓
S Ross					✓	✓	LOA	✓	A	✓	LOA	✓	✓	✓	✓
K Bedford					✓	✓	✓	✓	A	✓	✓	✓	✓	✓	✓

*Determination finalised by State Administrative Tribunal (SAT) on 28 August 2019. SAT determined that Councillor Geoff Davis is not disqualified from holding office as a Councillor of the Shire of Derby/West Kimberley.

SHIRE STAFF



THE 2019/20 YEAR IN REVIEW

Set out under strategic plan framework

Community wellbeing	A balance between the natural and built environments	A strong and diverse local economy	Good governance and effective organisation
Derby and Fitzroy Crossing Expo's	Derby Airport	Annual Budget	Records Management
School Holiday Programs	Derby Wharf		Governance and Compliance
Library Services	Transport and Safe Infrastructure	Financial Summary Snapshot	Human Resources
Local History and Heritage	Attractive Parks and Gardens		Payments to Employees
Kimberley Art Prize & Kimberley Photographic Award	Local Planning Strategy		Participation in Employment Opportunities for Youth
Australia Day Awards	Local Planning Scheme No.8	Tourism	National Competition Policy – Compliance
Support of the Notre Dame Project	Coastal Vulnerability Study & Coastal Hazard Risk Management and Adaptation Plan		Competitive Neutrality
Community Grants and Sponsorships	Native Title	Fitzroy Crossing Visitors Centre	Legislation Review
Aquatic and Recreation	Environmental Health		Structural Reform
Fitzroy Crossing Recreation	Aboriginal Environmental Health		Register of Complaints
Disability Access and Inclusion	Building Services		Freedom of Information
	Waste Management		Public Interest Disclosure
	Ranger Services		Register of Gifts
			Fitzroy Crossing Visitor Centre
			Customer Service

COMMUNITY WELLBEING

Derby Expo

In February 2020 the Sportsmen's Club played host to the annual Community Expo in Derby. Nearly 500 people gathered at the event which showcased 45 local organisations and clubs and celebrated their contribution to the community and surrounds.

School Holiday Programs

The Shire continued to support school holiday activities for young people through our programs which were run each school holiday period, except April which had to be cancelled due to COVID-19 restrictions.

The junior program is available for primary school age children between the ages of 4 to 13 years. Based largely at the Derby Memorial Swimming Pool, participants enjoyed cooking, arts and craft, movie days, and jetty walks. They also enjoyed excursions to the fire station, Wharfinger's House museum and the Derby Volunteer Marine Rescue Group's shed. A community pool party was held to celebrate the last Friday of each holidays.

The senior program – run in conjunction with Winun Ngari's Remote School Attendance Strategy team, Garl Garl Walbu, WA Police and Garnduwa – offered activities for youth aged 10 to 18 years and generally operates in the early evening. 2,880 people participated in the three programs operated during the year.

Youth Services

The Shire offers dedicated youth service in Derby. Operating from the Derby Youth Centre and the undercover courts at the Derby Recreation Centre, the service provides after school and evening activities for 10 to 18 year olds.

Activities provided include a drop-in program, sporting activities, rewards trips and food services. During 2019/20, there were 17,249 visits to activities provided or supported by the youth services team. Funding support for the program is received from the Department of Communities, Juvenile Justice and the Department of Sport and Recreation.

The Shire also supports Garnduwa in providing an after school youth hub in Fitzroy Crossing.

The Shire also coordinates the Derby Youth Network, a forum in which local youth service providers are able to meet to discuss youth issues and identify collaborative approaches to address issues as they arise.

Library Services

The Shire libraries in Fitzroy Crossing and Derby continued to be well utilised by community members who accessed print materials and electronic items such as e-books and e-audiobooks from the free databases available. During the 2019/20 financial year there was over 15,000 transactions at the libraries and a further 3,000 e-resource loaned online. Over 100 people joined the library this year. Family literacy sessions (Rhyme Time and Story Time) continue to be well supported at both libraries, with over 2,000 mums and bubs attending the library sessions. Crafternoons (craft sessions for primary age children) and Challengers (science, technology, engineering and mathematics sessions for any age) were both well attended until the shutdown in March. Crafternoon sessions restarted with the re-opening of the library and continues to be as popular as ever.



The library space was also put to good use as a quiet meeting area for small community groups.

The library hosted the junior school holiday program for a movie morning, and school visits continued with students from both Holy Rosary School and Derby District High School for a special morning tea, Story Time and distribution of Better Beginnings literacy packs.

When COVID-19 restrictions were implemented the Shire trialled new ways to deliver services to the community. Story Time and Rhyme Time for both libraries went online, via the SDWK Community Connect Facebook page. These sessions attracted 2,932 views and many 'likes'. The Story Time videos are still being made available online weekly.

The libraries in both towns introduced a Books on Wheels service which proved popular to people quarantining or self-isolating at home.

Local History and Heritage

The library continues to register local history articles and photographs with many generous donations received throughout the year. The collection has grown to now house over 10,000 items, 2,000 of which are photographs of people and places in the Shire. Work is being undertaken to digitalise this collection and make it more accessible to the community.

Kimberley Art Prize & Kimberley Photographic Award

The 50th Anniversary of the Kimberley Art Prize, which was scheduled to be run in conjunction with the Kimberley Photographic Award, was unfortunately cancelled due to the COVID-19 restrictions that were in place. We hope to see it postponed to sometime in 2020/21.

Australia Day Awards

Several local residents were recognised for 'fostering Australian pride and spirit through active citizenship and outstanding contribution to community' at the Shire of Derby/West Kimberley Australia Day Awards event.

This year's winners of the Premier's Australia Day Active Citizenship Awards were:

- Citizen of the Year – Maria Matthews
- Person Under 25 Years Old – Owen Burns
- Person Over 60 Years Old – Phillip Robinson
- Community Group/Event – Derby Sportsmen's Club.

Support of Notre Dame Project

Each year the Shire of Derby/West Kimberley hosts Notre Dame Medical School students over a full week to advertise the benefits of living in the Kimberley. This year, in the 14th year of the program, to ensure the program could still go ahead despite COVID-19 restrictions, a virtual program was held.

The students were assigned hosts for the full week and each day the host would show the students around their part of town by video on Zoom meetings with their assigned students. The Shire's Community Development team, Councillors and some of the virtual hosts presented a 10- minute video at the start of the week, and another at end of the week, to all students participating to promote our beautiful area.

Feedback from Notre Dame was that it was a resounding success and if all is well in 2021, they will be back to meeting us in person and continue this amazing program.



COMMUNITY WELLBEING

Community Grants and Sponsorship

The community grants scheme continues to support the community with financial and in-kind donations amongst various groups to assist in the delivery of a variety of programs. The program supported a number of initiatives ranging in size including basketball tournaments, museums events, economic forums, bags for new parents and support for a night patrol.

Aquatics and Recreation

The Derby Memorial Swimming Pool continues to be a popular facility within the Shire with 18,769 visits during the year. 2019/20 saw an increase in the number of private bookings and functions, including birthday parties, school reward days and Christmas events held at the pool. There was an increase in the number of programs provided to the community such as water aerobics, learn-to-swim and water polo. The Shire supported the delivery of school swimming lessons and carnivals, reward days and vacation swimming.

Outside of the pool, the Aquatics and Recreation team hosted a movie night series and trialed junior sport sessions at the Derby Recreation Centre. The Shire supported community programs such as the WA Police's Wednesday night soccer, and group fitness sessions run by community members.

At Fitzroy Crossing the Shire continued to work with Garnduwa and acknowledges all the hard work that has gone into providing services to the Fitzroy community. Since the restrictions of COVID have lifted, the Garnduwa team provides daily activities at Shire facilities such as school holiday programs, and a youth hub – with sports playing a big part in community health and well-being.

Whilst COVID-19 restrictions were in place, the Aquatics and Recreation team went online to encourage the community to stay as active as possible while many facilities were closed. The team posted a series of videos that people could try via the SDWK Community Connect Facebook page including swimming tips to practices in the bath or shower and hopscotch and obstacle challenges along the Jetty walkway.

Five new hand washing basins were installed at our recreation facilities in Fitzroy Crossing and Derby to promote a healthy hand hygiene message.

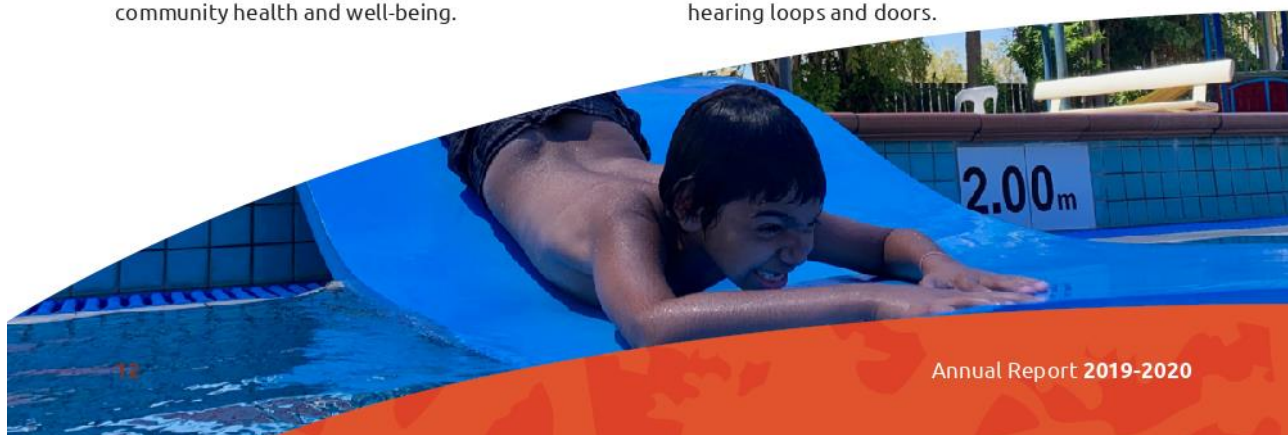
CCTV

In the first round of CCTV, 15 cameras were installed in Derby and six in Fitzroy Crossing as a community safety initiative, and this will continue into 2020/21.

Disability Access and Inclusion

In 2019/20 the Shire of Derby/West Kimberley implemented a number of initiatives that were identified in the Disability Access and Inclusion Plan 2016-2021, including:

- The introduction of a home delivery book service for housebound residents
- Introduction of online streaming of Story Time and Rhyme Time
- Footpath upgrade in Knowsley Street West, Derby
- Road improvements at the Sandford and Skuthorp Road intersection in Fitzroy Crossing
- Council endorsement for facility upgrades which incorporate improved accessibility, such as universal access toilets, ramps and walkways, hearing loops and doors.



Annual Report 2019-2020

A BALANCE BETWEEN THE NATURAL AND BUILT ENVIRONMENTS

Derby Airport

- Operations of Derby Airport continued however operations significantly down due to COVID-19

Fitzroy Crossing Airport

- Completed new fencing to the airport perimeter to reduce the incidents of animal strike

Derby Wharf

- Repairs to some of the supporting structure of the wharf completed
- Annual structural report completed for the wharf

Transport and Safe Infrastructure

- Completed reconstruction of Knowsley Street West Stage 3 (Heytesbury St to Ashley St) and Stage 2 at a cost of \$789,431
- Completed the reconstruction of Sutherland Street in Derby at a cost of \$1,617,612
- Completed roadworks at Calwynyardah-Noonkanbah Road, Fossil Downs Road and the Camballin-Myroodah Road (including installation of new signage) at a value of \$475,324
- Completed reconstruction of Russ Road in Fitzroy Crossing from Forrest to the other side of Brooking Channel including the intersection of Russ and Geikie Road at a value \$624,535
- Completed reconstruction of several kilometres of Geikie Gorge Road at a value of \$932,000

- Completed reconstruction of the Sandford and Skuthorpe Roads intersection at a value of \$574,000
- Completed reconstruction and resealing of Bell Road in Fitzroy Crossing at a value of \$183,000
- Completed flood damage reinstatement of sealed roads in Derby on Juld, Panton, Lennard, Lovegrove and Knowsley St East
- Officers were also busy with managing the damage to the Shire's rural road network following high rainfall from ex-tropical cyclones across the region. A claim has been submitted to the Department of Fire and Emergency Services and an outcome is still pending.

Local Planning Strategy

The Local Planning Strategy (LPS) is the overarching land use planning document which will facilitate the Shire's decision-making over the next 10 to 15 years. It encompasses the eight key areas of planning: natural resource management and environment protection, population and housing, economy and employment, activity centres, tourism, open space and community facilities, rural land uses, urban design and heritage, transport and infrastructure services. The plan has been approved by the Western Australian Planning Commission (WAPC) and provides direction for the preparation of the whole new District Local Planning Scheme No.8, which the Council resolved to prepare in February 2015.



Shire of Derby/West Kimberley

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A BALANCE BETWEEN THE NATURAL AND BUILT ENVIRONMENTS

Local Planning Scheme No.8

The Planning and Development Act 2005 requires that local planning schemes be reviewed periodically. The new Local Planning Scheme (LPS) will be the statutory document that controls the use and development of land within the whole of the Shire of Derby/West Kimberley. The Council has resolved to prepare a new local planning scheme that will cover the whole of the district and ultimately will supersede both TPS No.5 and TPS No.7.

The implementation of a new whole of district local planning scheme will enable the Council for the first time to exercise planning controls over the whole of the Shire, rather than only within the gazetted town sites. The preparation of the new scheme is being guided by the Council's endorsed Local Planning Strategy (LPS) which will set a clear picture of objectives, planning intentions and proposals of both the Council and the community.

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

Coastal Vulnerability Study & Coastal Hazard Risk Management and Adaption Plan

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



As the Shire is undertaking the process of developing a new Local Planning Scheme No.8, the Shire is compelled to take the information from the Coastal Vulnerability Study (CVS) over the Derby town-site and immediate surroundings and place it into the new scheme. The purpose of the CVS was to identify and understand the risks of associated with the vulnerability of the coastal areas. The study area took into account a number of factors including erosion, coastal inundation and freshwater flooding over a 100-year planning timeframe.

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

Environmental Health

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

The department continued to increase the use of social media to communicate environmental health related messages with some positive results.

Regular duties continued throughout the year which included routine water sampling, mosquito and arbovirus surveillance (which includes sentinel chicken program), inspections at food premises, caravan parks and camping grounds, public buildings and lodging houses with an increasing focus on traders, stallholders and public events.

Aboriginal Environmental Health

The Shire's Aboriginal Environmental Health Unit (AEHU) continued to deliver environmental health services to Aboriginal communities located across the Shire.

The unit released their environmental health promotion campaign, 'LIVE DEADLY', where community members were the models on the posters in an attempt to harness engagement with the health messaging. Environmental health referrals from clinicians continued to be an effective targeted measure for improved health outcomes. COVID-19 led to the AEHU playing a leadership role in the consistent, reputable health education and awareness of the pandemic to communities across the Shire.

Two of the AEHU team members have recently began online university studies after completing their traineeships.

The team continued to work in partnership with Mowanjum and Looma who are also contracted to provide environmental health services to their communities.



Building Services

The Shire of Derby/West Kimberley had relatively steady growth again this year. Development and building applications remained steady but are still in relatively low numbers.

The processing of building permit applications continued with a contract arrangement with external building practitioners, to ensure statutory timeframes for processing were met. Training continues to be invested to ensure several staff are trained to perform the administrative functions of the building surveyor along with several process improvements to ensure compliance with the Act.

Ranger Services

Ranger Services have continued to educate and inform the public on requirements across a range of topics including animal management, fire hazard mitigation, cyclone preparedness, litter management and nuisance control. The goal is to deliver positive outcomes within the community through education and enforcement. There has been a solid focus in process improvement and consistency of service delivery to the members of the community.

Waste Management

Waste management services continued to be provided with the contractual arrangement with Cleanaway (previously Toxfree) in both the Derby and Fitzroy Crossing town sites, while Camballin's waste management service is provided by Looma Community Inc. Total waste volumes have remained stable from the previous year and recycling volumes slightly increased.

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



A STRONG AND DIVERSE LOCAL ECONOMY

Annual Budget

The Annual Budget is required to be prepared each year and adopted by Council by 31 August. The 2019/20 financial year's budget was prepared and adopted by Council on 29 August 2019. The budget also forms the basis for determining the level of Council's rates, which incurred an increase of 6.0% for the 2019/20 year. The discount rates system was again utilised offering a 2% discount on rates for those properties paying in full by the due date.

Fitzroy Crossing Visitors Centre

The Fitzroy Crossing Visitor Centre is the main location for all Shire of Derby/West Kimberley services in the town including dog and cat registrations, rate and debtor payments, facility hire and development application lodgement. The Visitor Centre is also home to the Fitzroy Crossing library, with a multitude of items and resources available for borrowing or use.

Department of Transport services are also offered to the township and wider community from the Shire hub two days a week.

2019/20 saw an interesting time in the tourism industry (due to the COVID-19 pandemic), with a significant decrease in travellers passing through Fitzroy Crossing. International and interstate tourism being one of the largest sources of income for the Visitor Centre, meant the usual rush of the dry season passed by with considerably less tourists to the area.

This quieter time allowed our staff to focus on a retail refresh, sourcing many new local artists' merchandise to be sold when more tourists eventually return to the West Kimberley. The Visitor Centre now carries over 60% of stock sourced from local and Australian suppliers. The Fitzroy Crossing Visitor Centre looks forward to welcoming all future visitors to the Kimberley after COVID-19 restrictions are lifted.

FINANCIAL SUMMARY SNAPSHOT AT A GLANCE

The total operating revenue for 2019/20 was \$18.594M

Employee wages costs for 87 permanent and casual employees was \$6.233M

62 Employees at 30/6/2020

Rates and charges comprised of \$11.371M of the total income received

Council's total grant funding for 2019/20 was \$13.526M

A \$4.09M capital works program was delivered

Council borrowings are \$3.8M at the end of the year

GOOD GOVERNANCE AND EFFECTIVE ORGANISATION

Records Management

The Shire of Derby/West Kimberley remains committed to accurate record keeping practices in accordance with best practice and in compliance with the State Records Act 2000. From December 2019 to January 2020, an archiving project was undertaken to review, record, archive or appropriately destroy dated and historical data and records.

Whilst the Shire's adopted recordkeeping plan will remain in compliance with State Records Office expectations, and staff training and refreshers will be ongoing, a revision of existing protocols is planned for 2020/21. The change in practices will further enhance consistency of records keeping, which will enhance future operational efficiencies.

Governance and Compliance

The annual Department of Local Government Compliance Audit Return (CAR) is required to be completed annually by every local government in Western Australia. The Shire of Derby/West Kimberley's report was presented to its March 2020 Council Meeting. The 2019 CAR included 97 auditable items and the Shire achieved a 93% compliance rate, a slight reduction on its 2018 score of 96%.

Human Resources

As part of the Shire's Health and Wellbeing program, supported by the Shire's insurers LGIS, all staff were offered support, training and opportunities to receive free flu shots.

Recruitment

2019/20 provided promotional opportunities for five of our staff internally supporting retention and succession planning.

Twenty eight permanent positions were advertised from which there were 20 appointments, with two positions based in Fitzroy Crossing and four based in Derby needing to be advertised again.

In addition, the Shire recruited four temporary staff and nine casuals to provide cover at Derby pool, Derby youth centre, and to assist with the Shire's school holiday program.

Payments to Employees

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

Salary Range	2019-2020
100,000 to 109,999	7
110,000 to 119,999	2
120,000 to 129,999	1
130,000 to 139,999	
140,000 to 149,999	
150,000 to 159,999	
160,000 to 169,999	
170,000 to 179,999	1
180,000 to 189,999	
190,000 to 199,999	
200,000 to 209,999	
210,000 to 219,999	
220,000 to 229,999	
230,000 to 239,999	1
240,000 to 249,999	

National Competition Policy – Compliance

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy. Local government is affected mainly where it operates significant business activities which compete, or could compete, with private sector businesses. Local government is also affected where Local Laws unnecessarily affect competition. The Shire is required to comply with certain policies contained within the National Competition Policy Statement and report on progress in connection with the National Competitive Neutrality Principles and review of Local Laws. Each local government must report its progress in achieving National Competition Policy reforms in its annual report broadly under the following categories:

- Competitive Neutrality
- Legislation Review
- Structural Reform

Competitive Neutrality

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

Legislation Review

The Shire of Derby/West Kimberley did not promulgate any new legislation and as legislation is reviewed, it will be done with the National Competition Policy in mind. The Local Government Act 1995 requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and ratepayers the opportunity to comment on any proposed changes, additions or deletions to the Shire's Local Laws.

Structural Reform

The Shire of Derby/West Kimberley did not undertake any structural reform during the 2019/20 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 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 2019/20 the Shire received two Freedom of Information applications, which were both provided access. The Act requires that all applications are responded to within 45 days with which the Shire is compliant.

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 now available on the Shire's website.

In the 2019/20 financial year, no disclosures relating to improper conduct were made to the Shire and therefore no disclosures were referred to the Ombudsman.

GOOD GOVERNANCE AND EFFECTIVE ORGANISATION

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.

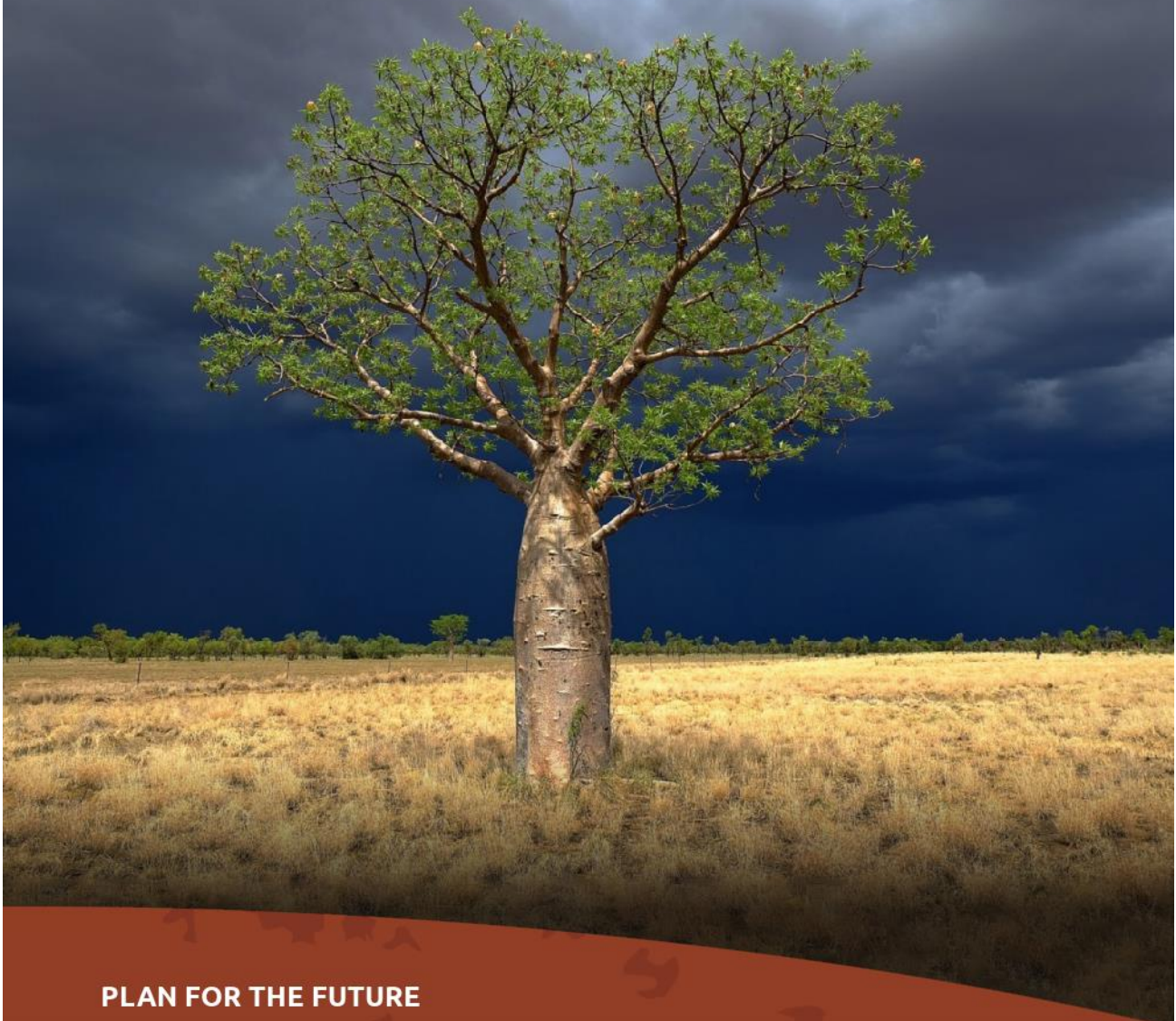
The Chief Executive Officer keeps a register of gifts which is made available on the Shire's website during the year. The register is also available for public inspection at the Shire's Administration office.

Customer Service

The Shire of Derby/West Kimberley Administration office is the go-to location for all Shire services in Derby and surrounds. The Customer Service team provide assistance for any Shire-related enquiries, and 2019/20 saw some new faces join the team. The Customer Service Charter, implemented in early 2019, is a key guiding document for all customer service functions and the Shire always aims to provide outstanding customer service to all of our customers. In 2019/20, the team continued to provide this high quality service (even in the face of some occasional trying circumstances).



2020/21 – THE YEAR AHEAD



PLAN FOR THE FUTURE

Council is intending to undertake a significant review of its Strategic Community Plan and associated documents such as the Corporate Business Plan, Asset Management Plan and Workforce Management Plan during 2020/21.

Already, to date in 2020, Council has raised the volume of community conversation across all sectors, and the Shire has engaged Champions to assist with the process of ensuring that all voices are given an opportunity to say what they want from their Shire and what they think their community needs.

This will continue throughout 2021, as the draft Strategic Community Plan is fine-tuned, with the Shire engaging with residents and key stakeholders to better understand the communities' hopes and dreams for the decade ahead, and prioritising those ambitions.

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Community Vision

A friendly and diverse place with awesome opportunities.

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

SHIRE OF DERBY-WEST KIMBERLEY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Derby-West Kimberley for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Derby-West Kimberley at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 12 day of February 2021



Chief Executive Officer

Amanda O'Halloran
Name of Chief Executive Officer



STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue			
Rates	20(a) 7,342,404	7,285,776	6,861,475
Operating grants, subsidies and contributions	2(a) 6,890,842	6,823,878	6,374,913
Fees and charges	2(a) 4,028,832	3,699,340	3,874,461
Interest earnings	2(a) 543,956	320,075	391,058
Other revenue	2(a) 148,375	203,000	382,048
	18,954,409	18,332,069	17,883,955
Expenses			
Employee costs	(6,233,109)	(7,080,355)	(6,309,034)
Materials and contracts	(7,758,407)	(8,434,621)	(6,242,158)
Utility charges	(1,011,575)	(1,011,098)	(1,056,843)
Depreciation on non-current assets	9(b) (7,721,744)	(8,554,193)	(7,138,247)
Impairment of non-current assets	9(b) 0	0	0
Interest expenses	2(b) (183,670)	(259,622)	(239,119)
Insurance expenses	(1,023,930)	(971,377)	(958,257)
Other expenditure	(734,267)	(415,050)	(2,123,558)
	(24,666,702)	(26,726,316)	(24,067,216)
	(5,712,293)	(8,394,247)	(6,183,261)
Non-operating grants, subsidies and contributions	2(a) 6,635,262	3,639,968	6,130,032
Profit on asset disposals	9(a) 0	0	425
(Loss) on asset disposals	9(a) 0	(135,000)	0
	6,635,262	3,504,968	6,130,457
	922,969	(4,889,279)	(52,804)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	10 (11,417,516)	0	0
	(11,417,516)	0	0
	(10,494,547)	(4,889,279)	(52,804)

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



STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		55,668	100	29,183
General purpose funding		13,058,156	10,400,121	11,535,985
Law, order, public safety		74,971	45,350	43,957
Health		559,825	699,038	544,244
Education and welfare		311,998	515,590	149,189
Housing		108,866	78,890	11,444
Community amenities		1,986,887	1,802,700	1,871,351
Recreation and culture		499,508	344,050	255,204
Transport		1,970,022	4,304,530	3,271,069
Economic services		87,996	94,500	109,609
Other property and services		240,512	47,200	62,720
		18,954,409	18,332,069	17,883,955
Expenses				
	2(b)			
Governance		(1,539,111)	(1,014,468)	(1,807,246)
General purpose funding		(798,415)	(168,893)	(484,615)
Law, order, public safety		(463,736)	(614,843)	(393,999)
Health		(987,427)	(1,523,148)	(802,307)
Education and welfare		(420,768)	(399,035)	(571,760)
Housing		(7,610)	(29,993)	(183,097)
Community amenities		(3,624,864)	(3,895,486)	(5,149,986)
Recreation and culture		(4,606,458)	(5,771,038)	(3,657,362)
Transport		(10,619,081)	(11,858,931)	(8,813,711)
Economic services		(1,062,165)	(1,246,334)	(542,995)
Other property and services		(353,397)	55,475	(1,421,019)
		(24,483,032)	(26,466,694)	(23,828,097)
Finance Costs				
	2(b)			
General purpose funding		0	0	(369)
Housing		(60,321)	(68,137)	(64,970)
Recreation and culture		(1,338)	(2,186)	(3,031)
Transport		(105,528)	(164,212)	(153,325)
Economic services		(16,483)	(25,087)	(17,424)
		(183,670)	(259,622)	(239,119)
		(5,712,293)	(8,394,247)	(6,183,261)
Non-operating grants, subsidies and contributions	2(a)	6,635,262	3,639,968	6,130,032
Profit on disposal of assets	9(a)	0	0	425
(Loss) on disposal of assets	9(a)	0	(135,000)	0
		6,635,262	3,504,968	6,130,457
		922,969	(4,889,279)	(52,804)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	(11,417,516)	0	0
		(11,417,516)	0	0
		(10,494,547)	(4,889,279)	(52,804)



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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,235,956	6,031,260
Trade and other receivables	5	3,824,167	4,178,303
Inventories	6	54,679	93,038
TOTAL CURRENT ASSETS		10,114,802	10,302,601
NON-CURRENT ASSETS			
Trade and other receivables	5	123,754	101,680
Property, plant and equipment	7	45,666,420	47,124,029
Infrastructure	8	149,684,526	163,369,168
TOTAL NON-CURRENT ASSETS		195,474,700	210,594,877
TOTAL ASSETS		205,589,502	220,897,478
CURRENT LIABILITIES			
Trade and other payables	11	3,681,924	3,977,715
Contract liabilities	12	529,572	0
Borrowings	13(a)	373,274	5,556,320
Employee related provisions	14	558,741	752,496
TOTAL CURRENT LIABILITIES		5,143,511	10,286,531
NON-CURRENT LIABILITIES			
Borrowings	13(a)	3,435,361	1,900,665
Employee related provisions	14	81,031	108,164
Other provisions	15	9,969,121	10,301,035
TOTAL NON-CURRENT LIABILITIES		13,485,513	12,309,864
TOTAL LIABILITIES		18,629,024	22,596,395
NET ASSETS		186,960,478	198,301,083
EQUITY			
Retained surplus		66,097,921	65,878,010
Reserves - cash backed	4	1,502,654	1,552,654
Revaluation surplus	10	119,359,903	130,870,419
TOTAL EQUITY		186,960,478	198,301,083

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



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		65,930,814	1,552,654	130,870,419	198,353,887
Comprehensive income					
Net result for the period (restated)		(52,804)	0	0	(52,804)
Total comprehensive income		(52,804)	0	0	(52,804)
Balance as at 30 June 2019		65,878,010	1,552,654	130,870,419	198,301,083
Change in accounting policy	25	(753,058)	0	(93,000)	(846,058)
Restated total equity at 1 July 2019		65,124,952	1,552,654	130,777,419	197,455,025
Comprehensive income					
Net result for the period		922,969	0	0	922,969
Other comprehensive income	10	0	0	(11,417,516)	(11,417,516)
Total comprehensive income		922,969	0	(11,417,516)	(10,494,547)
Transfers from reserves	4	50,000	(50,000)	0	0
Balance as at 30 June 2020		66,097,921	1,502,654	119,359,903	186,960,478

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



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates	7,009,162	7,285,776	6,418,114	
Operating grants, subsidies and contributions	7,123,344	9,162,228	8,422,145	
Fees and charges	4,028,832	3,699,340	3,874,461	
Interest received	543,956	320,075	391,058	
Goods and services tax received	1,239,154	171,907	1,812,020	
Other revenue	148,375	203,000	382,048	
	20,092,823	20,842,326	21,299,846	
Payments				
Employee costs	(6,351,686)	(7,080,355)	(6,563,735)	
Materials and contracts	(8,349,534)	(10,059,723)	(4,247,735)	
Utility charges	(1,011,575)	(1,011,098)	(1,056,843)	
Interest expenses	(183,670)	(259,622)	(239,119)	
Insurance paid	(1,023,930)	(971,377)	(958,257)	
Goods and services tax paid	(1,130,368)	(171,907)	(1,779,454)	
Other expenditure	(734,267)	(415,050)	(2,123,558)	
	(18,785,030)	(19,969,132)	(16,968,701)	
Net cash provided by (used in) operating activities	16	1,307,793	873,194	4,331,145
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	7(a)	0	0	(1,369,661)
Payments for construction of infrastructure	8(a)	(4,090,009)	(5,482,735)	(9,362,389)
Non-operating grants, subsidies and contributions	2(a)	6,635,262	3,639,968	6,130,032
Proceeds from sale of property, plant & equipment	9(a)	0	150,000	820
Net cash provided by (used in) investment activities		2,545,253	(1,692,767)	(4,601,198)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(5,648,350)	(5,642,809)	(146,889)
Proceeds from new borrowings	13(b)	2,000,000	2,000,000	0
Net cash provided by (used in) financing activities		(3,648,350)	(3,642,809)	(146,889)
Net increase (decrease) in cash held		204,696	(4,462,382)	(416,942)
Cash at beginning of year		6,031,260	6,383,450	6,448,202
Cash and cash equivalents at the end of the year	16	6,235,956	1,921,068	6,031,260

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



RATE SETTING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$	
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	21 (b)	3,266,678	5,464,095	6,725,949
		3,266,678	5,464,095	6,725,949
Revenue from operating activities (excluding rates)				
Governance	55,668	100	29,183	
General purpose funding	5,715,752	2,953,688	4,674,510	
Law, order, public safety	74,971	45,350	43,957	
Health	559,825	699,038	544,669	
Education and welfare	311,998	515,590	149,189	
Housing	108,866	78,890	11,444	
Community amenities	1,986,887	1,802,700	1,871,351	
Recreation and culture	499,508	344,050	255,204	
Transport	1,970,022	4,304,530	3,271,069	
Economic services	87,996	94,500	109,609	
Other property and services	240,512	47,200	62,720	
	11,612,005	10,885,636	11,022,905	
Expenditure from operating activities				
Governance	(1,539,111)	(1,014,468)	(1,807,246)	
General purpose funding	(798,415)	(168,893)	(484,984)	
Law, order, public safety	(463,736)	(614,843)	(393,999)	
Health	(987,427)	(1,523,148)	(802,307)	
Education and welfare	(420,768)	(399,035)	(571,760)	
Housing	(67,931)	(233,130)	(248,067)	
Community amenities	(3,624,864)	(3,895,486)	(5,149,986)	
Recreation and culture	(4,607,796)	(5,773,224)	(3,660,393)	
Transport	(10,724,609)	(12,023,143)	(8,967,036)	
Economic services	(1,078,648)	(1,271,421)	(560,419)	
Other property and services	(353,397)	55,475	(1,421,019)	
	(24,666,702)	(26,861,316)	(24,067,216)	
Non-cash amounts excluded from operating activities	21(a)	7,340,623	8,669,193	8,224,710
Amount attributable to operating activities		(2,447,396)	(1,842,392)	1,906,348
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	6,635,262	3,639,968	6,130,032
Proceeds from disposal of assets	9(a)	0	150,000	820
Purchase of property, plant and equipment	7(a)	0	0	(1,369,661)
Purchase and construction of infrastructure	8(a)	(4,090,009)	(5,482,735)	(9,362,389)
Amount attributable to investing activities		2,545,253	(1,692,767)	(4,601,198)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(5,648,350)	(5,642,809)	(146,889)
Proceeds from borrowings	13(c)	2,000,000	2,000,000	0
Transfers to reserves (restricted assets)	4	0	(288,465)	0
Transfers from reserves (restricted assets)	4	50,000	20,000	0
Amount attributable to financing activities		(3,598,350)	(3,911,274)	(146,889)
Surplus/(deficit) before imposition of general rates		(3,500,493)	(7,446,433)	(2,841,739)
Total amount raised from general rates	20(a)	7,342,404	7,446,433	6,861,475
Surplus/(deficit) after imposition of general rates	21(b)	3,841,911	0	4,019,736

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

I. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right of use asset to be measured at cost. All right of use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the 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.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

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 26 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and a nimal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/depature event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	54,858	0	0
General purpose funding	5,152,557	2,779,270	4,269,697
Law, order, public safety	7,884	0	0
Health	502,169	661,288	489,835
Education and welfare	311,966	494,590	127,399
Housing	6,171	0	0
Community amenities	3,323	0	0
Recreation and culture	378,985	94,500	26,710
Transport	296,618	2,794,230	1,452,490
Economic services	2,892	0	0
Other property and services	173,419	0	8,782
	6,890,842	6,823,878	6,374,913
Non-operating grants, subsidies and contributions			
General purpose funding	300,000	0	0
Law, order, public safety	140,000	414,078	0
Recreation and culture	0	0	158,789
Transport	6,190,262	3,225,890	5,971,243
Economic services	5,000	0	0
	6,635,262	3,639,968	6,130,032
Total grants, subsidies and contributions	13,526,104	10,463,846	12,504,945
Fees and charges			
Governance	0	0	16,686
General purpose funding	19,240	15,000	13,755
Law, order, public safety	24,009	26,300	18,766
Health	47,656	34,000	45,705
Housing	97,263	78,890	11,444
Community amenities	1,983,292	1,801,700	1,871,351
Recreation and culture	101,812	116,300	137,733
Transport	1,715,719	1,510,300	1,694,960
Economic services	16,665	94,400	21,186
Other property and services	23,176	22,450	42,875
	4,028,832	3,699,340	3,874,461

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	614,557	169,900	0
Fees and charges	4,028,379	3,699,340	0
Other revenue	145,852	203,000	0
Non-operating grants, subsidies and contributions	6,635,262	3,639,968	0
	11,424,050	7,712,208	0

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Contracts with customers included as a contract liability at the start of the period	753,058	1,108,927	0
Other revenue from contracts with customers recognised during the year	4,788,788	4,072,240	0
Other revenue from performance obligations satisfied during the year	5,882,204	2,531,041	0
	11,424,050	7,712,208	0

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

Trade and other receivables from contracts with customers	1,352,424	0	0
Contract liabilities from contracts with customers	(187,667)	0	0
Financial assets held from transfers for recognisable financial assets	341,905		0
Contract liabilities from transfers for recognisable non financial assets	(341,905)		0

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	7,342,404	7,446,433	6,861,475
Statutory permits and licences	80,403	60,673	63,319
Fines	453	6,100	400
	7,423,260	7,513,206	6,925,194

Other revenue

Reimbursements and recoveries	2,523	112,109	281,581
Other	145,852	90,891	100,467
	148,375	203,000	382,048

Interest earnings

Rates instalment and penalty interest (refer Note 20(b))	483,839	222,075	282,488
Other interest earnings	60,117	98,000	108,570
	543,956	320,075	391,058

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(b) Expenses

Auditors remuneration

	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
- Audit of the Annual Financial Report		65,000	65,000	42,197
- Other services FMR		14,698	0	78,250
- Audit fees associated with grant acquittals		5,750	0	24,090
		85,448	65,000	144,537

Interest expenses (finance costs)

Borrowings	13(b)	183,670	259,622	188,915
Interest expense		0	0	50,204
		183,670	259,622	239,119

Other expenditure

Impairment loss on trade and other receivables		901,727	0	556,959
Sundry expenses		(167,460)	415,050	1,566,599
		734,267	415,050	2,123,558

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		5,235,956	4,478,606
Term deposits		1,000,000	1,552,654
Total cash and cash equivalents		6,235,956	6,031,260
Restrictions			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		2,032,226	3,801,855
		2,032,226	3,801,855
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	1,502,654	1,552,654
Contract liabilities from contracts with customers	12	187,667	0
Contract liabilities from transfers for recognisable non financial assets	12	341,905	0
Unspent grants, subsidies and contributions		0	1,467,830
Unspent loans	13(d)	0	781,371
Total restricted assets		2,032,226	3,801,855

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

4. RESERVES - CASH BACKED	2020	2020	2020	2020	2020	2020	2020	2020	2019	2019	2019	2019
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	452,441	0	(50,000)	402,441	452,441	0	(20,000)	432,441	452,441	0	0	452,441
(b) Office Building Reserve	814,511	0	0	814,511	814,511	0	0	814,511	814,511	0	0	814,511
(c) Airport Reserve	28,456	0	0	28,456	28,456	0	0	28,456	28,456	0	0	28,456
(d) Derby Wharf Maintenance Reserve	3,721	0	0	3,721	3,721	0	0	3,721	3,721	0	0	3,721
(e) Economic Development Reserve	19,936	0	0	19,936	19,935	0	0	19,935	19,936	0	0	19,936
(f) Fitzroy Crossing Recreation Hall Reserve	46,771	0	0	46,771	46,771	0	0	46,771	46,771	0	0	46,771
(g) Staff Housing Reserve	159,965	0	0	159,965	159,965	0	0	159,965	159,965	0	0	159,965
Energy Developments Ltd West Kimberley Cement Donations Reserve	26,853	0	0	26,853	26,852	0	0	26,852	26,853	0	0	26,853
(i) Capital works	0	0	0	0	0	288,465	0	288,465	0	0	0	0
	1,552,654	0	(50,000)	1,502,654	1,552,652	288,465	(20,000)	1,821,117	1,552,654	0	0	1,552,654

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Office Building Reserve	Ongoing	To be used to fund the new Derby administration building
(c) Airport Reserve	Ongoing	To be used to fund airport capital works, primarily bitumen resealing
(d) Derby Wharf Maintenance Reserve	Ongoing	To be used to carry out major wharf maintenance
(e) Economic Development Reserve	Ongoing	To promote economic development within the Shire
(f) Fitzroy Crossing Recreation Hall Reserve	Ongoing	To be used to quarantine funds received from the lease of the FX Recreation Hall to be utilised for any upgrade works
(g) Staff Housing Reserve	Ongoing	To be used for the construction of staff housing
Energy Developments Ltd West Kimberley Cement Donations Reserve	Ongoing	To administer the funds provided by Energy Developments Limited to create lasting value throughout the West Kimberley by contributing to not-for-profit projects or activities that benefit the Shire of Derby-West Kimberley
(h) Reserve	Ongoing	To be used for the construction of staff housing

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

5. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
Other receivables	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

2020	2019
\$	\$
3,074,993	2,784,435
1,352,424	1,416,485
298,477	487,183
(901,727)	(556,959)
0	47,159
3,824,167	4,178,303
123,754	101,680
123,754	101,680

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

6. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	54,679	93,038
	<u>54,679</u>	<u>93,038</u>
	93,038	125,656
	(54,679)	(176,613)
	16,320	143,995
	<u>54,679</u>	<u>93,038</u>

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Computer equipment	Landfill re- instatement	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	3,543,000	3,543,000	34,275,051	34,275,051	37,818,051	23,586	1,749,692	124,080	6,567,222	46,282,631
Additions	0	0	1,268,859	1,268,859	1,268,859	0	100,802	0	0	1,369,661
(Disposals)	0	0	0	0	0	0	(395)	0	0	(395)
Depreciation (expense)	0	0	(839,616)	(839,616)	(839,616)	(3,673)	(274,848)	(31,403)	(282,909)	(1,432,449)
Transfers	0	0	904,581	904,581	904,581	0	0	0	0	904,581
Carrying amount at 30 June 2019	3,543,000	3,543,000	35,608,875	35,608,875	39,151,875	19,913	1,575,251	92,677	6,284,313	47,124,029
Comprises:										
Gross carrying amount at 30 June 2019	3,543,000	3,543,000	37,286,506	37,286,506	40,829,506	30,705	2,505,643	193,385	7,571,317	51,130,556
Accumulated depreciation at 30 June 2019	0	0	(1,677,631)	(1,677,631)	(1,677,631)	(10,792)	(930,392)	(100,708)	(1,287,004)	(4,006,527)
Carrying amount at 30 June 2019	3,543,000	3,543,000	35,608,875	35,608,875	39,151,875	19,913	1,575,251	92,677	6,284,313	47,124,029
Change in accounting policy	(93,000)	(93,000)	0	0	(93,000)	0	0	0	0	(93,000)
Carrying amount at 1 July 2019	3,450,000	3,450,000	35,608,875	35,608,875	39,058,875	19,913	1,575,251	92,677	6,284,313	47,031,029
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	210,813	18,880	0	229,693
Depreciation (expense)	0	0	(955,681)	(955,681)	(955,681)	(3,673)	(317,819)	(34,220)	(282,909)	(1,594,302)
Carrying amount at 30 June 2020	3,450,000	6,900,000	34,653,194	70,262,069	38,103,194	16,240	1,468,245	77,337	6,001,404	45,666,420
Comprises:										
Gross carrying amount at 30 June 2020	3,450,000	3,450,000	37,286,506	37,286,506	40,736,506	30,705	2,173,966	192,585	7,571,317	50,705,079
Accumulated depreciation at 30 June 2020	0	0	(2,633,312)	(2,633,312)	(2,633,312)	(14,465)	(705,721)	(115,248)	(1,569,913)	(5,038,659)
Carrying amount at 30 June 2020	3,450,000	3,450,000	34,653,194	34,653,194	38,103,194	16,240	1,468,245	77,337	6,001,404	45,666,420

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	Level 2	Market approach using recent observable market data for similar properties / income approach using discounted cash flow methodology	Independent registered valuer	June 2017	Price per hectare / market borrowing rate
Buildings	Level 2	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Perth based construction rates with appropriate district allowance applied to each location
Furniture and equipment	Level 2	Market approach using recent observable market data for similar items	Independent valuer	August 2016	Observable market data
Plant and equipment	Level 2	Market approach using recent observable market data for similar items	Independent valuer	July 2019	Open market values of similar items adjusted for condition and comparability
Computer equipment	Level 2	Market approach using recent observable market data for similar items	Independent valuer	July 2019	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.

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

8. INFRASTRUCTURE

(a) 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.

	Infrastructure - roads	Other infrastructure - drainage	Other infrastructure - footpaths	Other infrastructure - land & parks	Other infrastructure - wharf	Other infrastructure - airports	Other infrastructure - other structures	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	120,077,100	5,706,799	2,142,100	1,629,400	3,477,264	18,316,973	9,267,522	160,617,158
Additions	8,485,159	2,161	231,524	0	441,974	19,414	182,157	9,362,389
Depreciation (expense)	(3,049,587)	(670,025)	(64,246)	(122,108)	(186,556)	(1,058,908)	(554,368)	(5,705,798)
Transfers	12,774	0	191,231	0	0	(1,281,651)	173,065	(904,581)
Carrying amount at 30 June 2019	125,525,446	5,038,935	2,500,609	1,507,292	3,732,682	15,995,828	9,068,376	163,369,168
Comprises:								
Gross carrying amount at 30 June 2019	128,575,032	5,708,960	2,564,855	1,629,400	3,919,238	17,054,736	9,622,744	169,074,965
Accumulated depreciation at 30 June 2019	(3,049,586)	(670,025)	(64,246)	(122,108)	(186,556)	(1,058,908)	(554,368)	(5,705,797)
Carrying amount at 30 June 2019	125,525,446	5,038,935	2,500,609	1,507,292	3,732,682	15,995,828	9,068,376	163,369,168
Additions	3,353,722	0	0	0	6,364	367,845	362,078	4,090,009
Impairment (losses) / reversals	(11,647,209)	0	0	0	0	0	0	(11,647,209)
Depreciation (expense)	(3,498,537)	(670,464)	(69,615)	(122,108)	(186,581)	(1,007,363)	(572,774)	(6,127,442)
Carrying amount at 30 June 2020	113,733,422	4,368,471	2,430,994	1,385,184	3,552,465	15,356,310	8,857,680	149,684,526
Comprises:								
Gross carrying amount at 30 June 2020	131,928,754	5,708,960	2,564,855	1,629,400	3,925,602	17,422,581	9,984,822	173,164,974
Accumulated depreciation at 30 June 2020	(6,548,123)	(1,340,489)	(133,861)	(244,216)	(373,137)	(2,066,271)	(1,127,142)	(11,833,239)
Accumulated impairment loss at 30 June 2020	(11,647,209)	0	0	0	0	0	0	(11,647,209)
Carrying amount at 30 June 2020	113,733,422	4,368,471	2,430,994	1,385,184	3,552,465	15,356,310	8,857,680	149,684,526

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

8. INFRASTRUCTURE (Continued)

(b) 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 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - land & parks	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - wharf	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - airports	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - other structures	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Perth based construction rates with appropriate district allowance applied to each location

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested 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.

Land under roads prior to 1 July 2019

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right of use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right of use assets at zero cost.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

9. FIXED ASSETS

(a) Disposals of Assets

	2020		2020		2020		2020		2019		2019	
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	0	0	0	0	285,000	150,000	0	(135,000)	0	0	0	0
Plant and equipment	0	0	0	0	0	0	0	0	395	820	425	0
	0	0	0	0	285,000	150,000	0	(135,000)	395	820	425	0

(b) Impairment of non current assets

On 28 February 2020 a major flood event occurred resulting in the significant loss of a number of sectors of Shire roads. The damage to the roads requires the reinstatement of the roads and the value of works required to reinstate the roads to their pre-existing condition is estimated to cost \$11,647,209. Works to reinstate the roads were not undertaken prior to 30 June 2020 resulting in the impairment of the roads.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

9. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	955,681	730,382	839,616
Furniture and equipment	3,673	30,354	3,673
Plant and equipment	317,819	256,108	274,848
Computer equipment	34,220	0	31,403
Landfill re-instatement	282,909	0	282,909
Infrastructure - roads	3,498,537	5,264,440	3,049,587
Other infrastructure - drainage	670,464	659,241	670,025
Other infrastructure - footpaths	69,615	137,539	64,246
Other infrastructure - land & parks	122,108	1,476,129	122,108
Other infrastructure - wharf	186,581	0	186,556
Other infrastructure - airports	1,007,363	0	1,058,908
Other infrastructure - other structures	572,774	0	554,368
	7,721,744	8,554,193	7,138,247

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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.

Depreciation rates

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

Asset Class	Useful life
Buildings	25 to 40 years
Furniture and equipment	3 to 10 years
Plant and equipment	4 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	60 years
seal	13 years
Gravel roads	
formation	not depreciated
pavement	13 years
Drainage	8 years
Kerbing	60 years
Footpaths - slab	15 years
Car parks	20 years
sub base	60 years
seal	20 years
Reticulation	20 years
Airport electrical facilities	15 to 25 years
Airport runways, aprons and taxiways	
foundation	65 years
sub base and seal	20 to 30 years
Other infrastructure assets	10 to 50 years

Depreciation on revaluation

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:

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

Amortisation

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

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

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

10. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Impairment (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	12,218,340	(93,000)	0	0	0	12,125,340	12,218,340	0	0	0	12,218,340
Revaluation surplus - Plant and equipment	538,090	0	210,813	0	210,813	748,903	538,090	0	0	0	538,090
Revaluation surplus - Computer equipment	0	0	18,880	0	18,880	18,880	0	0	0	0	0
Revaluation surplus - Infrastructure - roads	93,004,330	0	0	(11,647,209)	(11,647,209)	81,357,121	93,004,330	0	0	0	93,004,330
Revaluation surplus - Other infrastructure - drainage	5,076,353	0	0	0	0	5,076,353	5,076,353	0	0	0	5,076,353
Revaluation surplus - Other infrastructure - footpaths	192,005	0	0	0	0	192,005	192,005	0	0	0	192,005
Revaluation surplus - Other infrastructure - land & parks	2,327,966	0	0	0	0	2,327,966	2,327,966	0	0	0	2,327,966
Revaluation surplus - Other infrastructure - airports	14,845,708	0	0	0	0	14,845,708	14,845,708	0	0	0	14,845,708
Revaluation surplus - Other infrastructure - other structures	2,667,627	0	0	0	0	2,667,627	2,667,627	0	0	0	2,667,627
	130,870,419	(93,000)	229,693	(11,647,209)	(11,417,516)	119,359,903	130,870,419	0	0	0	130,870,419

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors	2,447,205	2,856,921
Prepaid rates	68,256	88,866
Accrued salaries and wages	102,311	0
ATO liabilities	79,476	159,396
Other payables	619,086	432,057
Accrued expenses	365,590	440,475
	3,681,924	3,977,715

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

12. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers
Capital grant liabilities from contracts with customers

2020	2019
\$	\$
187,667	0
341,905	0
529,572	0

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Contract Grant liability

Capital grant liabilities relate to the Shire's obligations to construct non financial assets that are yet to be fulfilled at the end of the financial year. The Shire expects to satisfy the performance obligations within the next 12 months.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

13. INFORMATION ON BORROWINGS

(a) Borrowings	2020	2019
	\$	\$
Current	373,274	5,556,320
Non-current	3,435,361	1,900,665
	<u>3,808,635</u>	<u>7,456,985</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Actual	Principal	Interest	Principal	Interest	Principal	Principal	Actual	Actual	Interest	Actual
				1 July 2019	New Loans	Principal repayments	Interest repayments	Principal outstanding	Principal 1 July 2019	New Loans	Principal repayments	Interest repayments	Principal outstanding	1 July 2018	Principal repayments	Interest repayments	Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Particulars																	
Housing																	
Staff housing	136	WATC	6.46%	117,946	0	20,647	6,656	97,299	117,945	0	20,646	7,404	97,299	137,301	10,355	8,562	117,946
Staff housing	146	WATC	8.33%	652,880	0	42,629	39,967	610,251	652,881	0	42,630	40,663	610,251	692,935	40,055	43,239	652,880
Staff housing	148	WATC	4.49%	306,438	0	25,704	13,698	280,734	306,437	0	25,703	20,070	280,734	314,632	8,194	7,063	306,438
Recreation and culture																	
Civic Centre renovations	135	WATC	5.32%	49,055	0	32,264	1,338	16,791	49,055	0	32,264	2,186	16,791	79,639	30,584	3,835	49,055
Transport																	
Wharf fenders, boat ramp	145	WATC	6.87%	253,527	0	34,854	16,243	218,673	253,528	0	34,855	24,956	218,673	274,877	21,350	18,524	253,527
Derby wharf infrastructure	150	WATC	2.33%	5,315,200	0	5,315,200	61,348	0	5,315,200	0	5,315,200	92,883	0	5,315,200	0	92,883	5,315,200
Refinance Derby Airport infrastructure & wharf	151	WATC	3.02%	378,892	0	52,892	10,637	326,000	378,892	0	52,891	16,373	326,001	396,000	17,108	5,980	378,892
Derby Visitors Centre	149	WATC	4.49%	383,047	0	32,130	16,483	350,917	383,047	0	32,129	25,087	350,918	393,290	10,243	8,829	383,047
				<u>7,456,985</u>	<u>2,000,000</u>	<u>5,648,350</u>	<u>183,670</u>	<u>3,808,635</u>	<u>7,456,985</u>	<u>2,000,000</u>	<u>5,642,809</u>	<u>259,622</u>	<u>3,814,176</u>	<u>7,603,874</u>	<u>146,889</u>	<u>188,915</u>	<u>7,456,985</u>

* WA Treasury Corporation

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Loan 152 - Derby Airport & wharf * WA Treasury Corporation	WATC	Debenture	10	1.73%	2,000,000	2,000,000	(2,000,000)	(2,815,200)	17,300	0
					2,000,000	2,000,000	(2,000,000)	(2,815,200)	17,300	0

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2019	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2020
Derby wharf revitalisation * WA Treasury Corporation	1/06/2018	781,371	0	(781,371)	0
		781,371	0	(781,371)	0

(e) Undrawn Borrowing Facilities

	2020	2019
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	(12,580)	(2,203)
Total amount of credit unused	37,420	47,797
Loan facilities		
Loan facilities - current	373,274	5,556,320
Loan facilities - non-current	3,435,361	1,900,665
Total facilities in use at balance date	3,808,635	7,456,985
Unused loan facilities at balance date	0	781,371

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 22.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

14. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	357,512	394,984	752,496
Non-current provisions	0	108,164	108,164
	357,512	503,148	860,660
Additional provision	334,780	4,302	339,082
Amounts used	(420,579)	(139,391)	(559,970)
Balance at 30 June 2020	271,713	368,059	639,772
Comprises			
Current	271,713	287,028	558,741
Non-current	0	81,031	81,031
	271,713	368,059	639,772
	2020	2019	
Amounts are expected to be settled on the following basis:	\$	\$	
Less than 12 months after the reporting date	558,738	752,496	
More than 12 months from reporting date	48,043	108,164	
Expected reimbursements from other WA local governments	32,991	0	
	639,772	860,660	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at 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.

Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

15. OTHER PROVISIONS

	Provision for Remediation	
	Costs	Total
	\$	\$
Opening balance at 1 July 2019		
Current provisions	0	0
Non-current provisions	10,301,035	10,301,035
	<u>10,301,035</u>	<u>10,301,035</u>
Additional provision	(331,914)	(331,914)
Balance at 30 June 2020	<u>9,969,121</u>	<u>9,969,121</u>
Comprises		
Current	0	0
Non-current	9,969,121	9,969,121
	<u>9,969,121</u>	<u>9,969,121</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	6,235,956	1,921,068	6,031,260
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	922,969	(4,889,279)	(52,804)
Non-cash flows in Net result:			
Depreciation on non-current assets	7,721,744	8,554,193	7,138,247
(Profit)/loss on sale of asset	0	135,000	(425)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	332,062	0	1,636,437
(Increase)/decrease in other assets	0	(981,846)	0
(Increase)/decrease in inventories	38,359	0	32,618
(Increase)/decrease in contract assets	0	2,338,350	0
Increase/(decrease) in payables	(295,791)	713,248	878,658
Increase/(decrease) in provisions	(552,802)	0	828,446
Increase/(decrease) in contract liabilities	(223,486)	(1,356,504)	0
Non-operating grants, subsidies and contributions	(6,635,262)	(3,639,968)	(6,130,032)
Net cash from operating activities	1,307,793	873,194	4,331,145

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	1,924,990	3,677,600
General purpose funding	7,256,670	6,782,654
Law, order, public safety	508,148	690,484
Health	281,674	465,485
Education and welfare	1,113,557	1,385,794
Housing	7,950,870	7,982,896
Community amenities	11,506,970	11,198,034
Recreation and culture	15,973,662	16,434,061
Transport	150,896,107	163,966,798
Economic services	4,978,006	5,560,108
Other property and services	3,198,848	2,753,564
	<u>205,589,502</u>	<u>220,897,478</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

18. 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
Derby Cemetery
Fitzroy Crossing Landfill Site
Fitzroy Crossing Cemetery
Camballin Cemetery
Camballin Landfill Sites

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. The amount of the contingent liability is unknown. This approach is consistent with the Department of Environment Regulation Guidelines.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	177,644	148,500	145,875
President's allowance	47,045	63,000	62,727
Deputy President's allowance	15,682	16,000	9,604
Travelling expenses	5,204	0	0
Telecommunications allowance	11,067	12,000	9,333
Other allowances	0	0	2,347
	<u>256,642</u>	<u>239,500</u>	<u>229,886</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	1,717,281	1,434,335
Post-employment benefits	178,529	142,008
Other long-term benefits	156,156	109,388
Termination benefits	38,922	39,555
	<u>2,090,888</u>	<u>1,725,286</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual \$	2019 Actual \$
Sale of goods and services	13,110	0
Purchase of goods and services	0	65,445
Commercial leasing	0	200
Amounts outstanding from related parties:		
Trade and other receivables	5,656	0
Amounts payable to related parties:		
Trade and other payables	333,980	3,603

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. Entities subject to significant influence by the Shire

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

20. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in	Number	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2018/19	
	\$	of Properties	Actual Rateable Value \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Back Rates \$	Actual Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate Revenue \$	Budget Total Revenue \$	Actual Total Revenue \$
Gross rental valuations												
GRV General	0.133772	1,505	38,012,810	5,077,774	(28,974)	(136)	5,048,664	5,085,050	0	0	5,085,050	4,726,508
Unimproved valuations												
UV Pastoral	0.068300	41	14,654,438	1,000,898	0	0	1,000,898	1,000,898	0	0	1,000,898	943,052
UV Mining	0.284327	113	3,106,775	919,167	7,435	594	927,196	883,340	24,234	0	907,574	766,068
UV Other	0.229955	11	1,211,740	278,696	0	0	278,696	278,646	0	0	278,646	259,676
Sub-Total		1,670	56,985,763	7,276,535	(21,539)	458	7,255,454	7,247,934	24,234	0	7,272,168	6,695,304
Minimum payment												
	Minimum \$											
Gross rental valuations												
GRV General	1,027	131	687,398	78,361	0	0	78,361	169,455	0	0	169,455	157,947
Unimproved valuations												
UV Pastoral	1,027	3	18,500	1,817	0	0	1,817	3,081	0	0	3,081	2,907
UV Mining	1,027	82	82,792	55,011	0	0	55,011	81,133	0	0	81,133	74,613
Sub-Total		216	788,690	135,189	0	0	135,189	253,669	0	0	253,669	235,467
		1,886	57,774,453	7,411,724	(21,539)	458	7,390,643 (48,239)	7,501,603	24,234	0	7,525,837 (79,404)	6,930,771 (69,296)
Discounts (Note 20(b))												
Total amount raised from general rate							7,342,404				7,446,433	6,861,475
Concessions (Note 20(b))							(161,300)				(160,657)	(204,881)
Totals							7,181,104				7,285,776	6,656,594

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

20. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
Discount	2.00%	0	48,239	79,404	69,296	A discount is offered to ratepayers 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.
			48,239	79,404	69,296	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Rates concessions	Concession		161,300	161,300	160,657	176,289
Royal Flying Doctor Service	Waiver	100.00%		30,805	55,000	18,110
Community organisations						
50% of facility hire fees	Waiver	50.00%		5,920	2,000	10,482
				198,025	217,657	204,881
Total discounts/concessions (Note 20(a))				246,264	297,061	274,177

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
Rates concessions	Concession to a vacant island which is minimum rates, two parcels of land outside the town boundary which are minimum rated and one rural property which is rated on the basis of a reduced area.	To allow for limited services provided and cultural related matters.	
Royal Flying Doctor Service	100% of landing fees incurred by Royal Flying Doctor Service	To retain the RFDS services in the community and acknowledge the vital community service.	
Community organisations 50% of facility hire fees	50% of use for some community organisations and shire staff.	To support clubs for contributions made to the community and to protect the health and lifestyle of shire staff.	

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

20. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	11/10/2019	0.00	0.00%	11.00%
Option Two				
First instalment	11/10/2019	0.00	0.00%	11.00%
Second instalment	12/02/2020	15.00	5.50%	11.00%
Option Three				
First instalment	11/10/2019	0.00	0.00%	11.00%
Second instalment	12/12/2019	15.00	5.50%	11.00%
Third instalment	12/02/2020	15.00	5.50%	11.00%
Fourth instalment	14/04/2020	15.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	467,066	199,500	260,057
Interest on instalment plan	16,773	22,575	22,431
Charges on instalment plan	12,210	10,500	0
	496,049	232,575	282,488

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

21. RATE SETTING STATEMENT INFORMATION

Note	2019/20	2019/20	2019/20	2018/19
	(30 June 2020 Carried Forward)	Budget (30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	9(a) 0	0	(425)	(425)
Less: Movement in liabilities associated with restricted cash	0	(20,000)	0	0
Movement in pensioner deferred rates (non-current)	(22,074)	0	(63,686)	(63,686)
Movement in employee benefit provisions (non-current)	(27,133)	0	(43,809)	(43,809)
Movement in other provisions (non-current)	(331,914)	0	1,055,398	1,055,398
Add: Change in accounting policy	0	0	138,985	138,985
Add: Loss on disposal of assets	9(a) 0	135,000	0	0
Add: Depredation on non-current assets	9(b) 7,721,744	8,554,193	7,138,247	7,138,247
Add: Impairment of non-current assets	9(b) 0	0	0	0
Non cash amounts excluded from operating activities	7,340,623	8,669,193	8,224,710	8,224,710
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4 (1,502,654)	(1,821,117)	(1,552,654)	(1,552,654)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13(a) 373,274	0	5,556,320	5,556,320
- Employee benefit provisions	0	432,441	0	0
Total adjustments to net current assets	(1,129,380)	(1,388,676)	4,003,666	4,003,666
Net current assets used in the Rate Setting Statement				
Total current assets	10,114,802	5,923,739	10,302,601	10,302,601
Less: Total current liabilities	(5,143,511)	(4,535,063)	(11,039,589)	(10,286,531)
Less: Total adjustments to net current assets	(1,129,380)	(1,388,676)	4,003,666	4,003,666
Net current assets used in the Rate Setting Statement	3,841,911	0	3,266,678	4,019,736
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current liabilities at 30 June 2019				
- Contract liabilities from contracts with customers	24(a)			(10,286,531)
Total current liabilities at 1 July 2019				(11,039,589)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

22. FINANCIAL RISK MANAGEMENT

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

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

(a) Interest rate risk

Cash and cash equivalents

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2020					
Cash and cash equivalents	0.90%	6,235,956	1,000,000	5,189,426	46,530
2019					
Cash and cash equivalents	1.02%	6,031,260	1,552,654	4,295,183	183,423

Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	62,360	60,313

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The 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 Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.10%	0.72%	1.31%	56.64%	
Gross carrying amount	169,945	1,134,394	664,239	1,106,415	3,074,993
Loss allowance	190	8,168	8,702	658,320	675,380
30 June 2019					
Rates receivable					
Expected credit loss	0.08%	0.48%	1.03%	31.18%	
Gross carrying amount	39,117	1,154,792	547,797	1,042,728	2,784,434
Loss allowance	31	5,338	5,350	329,081	339,800

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.10%	0.16%	0.59%	73.93%	
Gross carrying amount	820,565	163,831	63,839	304,189	1,352,424
Loss allowance	817	262	377	224,892	226,348
30 June 2019					
Trade and other receivables					
Expected credit loss	0.12%	0.21%	1.41%	37.24%	
Gross carrying amount	989,846	45,334	6,775	374,531	1,416,486
Loss allowance	1,188	95	96	215,780	217,159

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	3,485,321	0	0	3,485,321	3,681,924
Borrowings	501,859	2,367,333	1,642,671	4,511,863	3,808,635
Contract liabilities	529,572	0	0	529,572	529,572
	4,516,752	2,367,333	1,642,671	8,526,756	8,020,131
2019					
Payables	3,977,715	0	0	3,977,715	3,977,715
Borrowings	5,765,893	1,003,869	1,430,723	8,200,485	7,456,985
	9,743,608	1,003,869	1,430,723	12,178,200	11,434,700

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No subsequent events were noted that require disclosure.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

24. INITIAL APPLICATION OF AUSTRALIAN 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.

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

Note	AASB 118	Reclassification	AASB 15
	carrying amount		carrying amount
	30 June 2019		01 July 2019
	\$	\$	\$
Contract liabilities - current			
Contract liabilities from contracts with customers	12	0	(753,058)
Adjustment to retained surplus from adoption of AASB 15	25(b)	(753,058)	

(b) AASB 1058: Income For Not-For-Profit Entities

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

Note	AASB 118 and	Reclassification	AASB 1058
	AASB 1004		carrying amount
	carrying amount		01 July 2019
	30 June 2019	\$	\$
Trade and other payables			
Rates paid in advance	11	88,866	0
			88,866

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

24. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	2020 \$	2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	20(a)	7,342,404	68,256	7,410,660
Operating grants, subsidies and contributions	2(a)	6,890,842	187,667	7,078,509
Fees and charges	2(a)	4,028,832	0	4,028,832
Non-operating grants, subsidies and contributions	2(a)	6,635,262	341,905	6,977,167
Net result		922,969	597,828	1,520,797
Statement of Financial Position				
Trade and other payables	11	3,681,924	(68,256)	3,613,668
Contract liabilities	12	529,572	(529,572)	0
Net assets		186,960,478	597,828	187,558,306
Statement of Changes in Equity				
Net result		922,969	597,828	1,520,797
Retained surplus		66,097,921	597,828	66,695,749

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

The Shire does not have any leases as at 30 June 2020 and 30 June 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

25. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	7	47,124,029	(93,000)	47,031,029
Revaluation surplus	10	130,870,419	(93,000)	130,777,419

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

(b) Changes in equity due to change in accounting policies

The impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			0
Adjustment to retained surplus from adoption of AASB 15	24(a)	(753,058)	
Adjustment to retained surplus from adoption of AASB 1058	24(b)	0	
Retained surplus - 1 July 2019			(753,058)

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			0
Adjustment to revaluation surplus from deletion of FM Reg 16	25(a)	(93,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	25(a)	0	
Revaluation surplus - 1 July 2019			(93,000)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

26. RECLASSIFICATION OF CLASS OF ASSETS

Waste landfill assets were previously classified an intangible asset under AASB138.

During the year it was noted estimated rehabilitation costs associated with the landfill site do not meet the definition of intangible asset under AASB138. These costs are expressly required to be recognised as part of the initial cost of property, plant and equipment under AASB116.16(c).

Estimated rehabilitation costs associated with the landfill were reclassified as property, plant and equipment both in the current year and prior year comparatives.

Statement of Financial Position (Extract)	30 June 2019 \$	Increase/ (Decrease) \$	30 June 2019 (Restated) \$
Property, plant and equipment	40,839,716	6,284,313	47,124,029
Rehabilitation assets	6,284,313	(6,284,313)	0
Net assets	198,301,083	0	198,301,083

Statement of Comprehensive Income (Extract)	2019 \$	Increase/ (Decrease) \$	2019 (Restated) \$
<i>By Nature or Type</i>			
Other Expenditure	(24,067,216)	0	(24,067,216)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

27. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Parking/footpath/street contribution	295,263	718	0	295,981
	295,263	718	0	295,981

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

28. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
HEALTH To provide an operational framework for environmental and community health.	Food quality and pest control, inspection of abattoir and operation of child health clinic, analytical testing and environmental health administration.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Year round care, housing for the aged and educational services.
HOUSING Help ensure adequate housing.	Management and maintenance of staff and rental housing.
COMMUNITY AMENITIES To provide services required by the community.	Rubbish collections, recycling, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities, sewerage and protection of the environment.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which help the social well being of the community.	Maintenance and operation of the Town Hall, the aquatic centre, recreation centre, library, community arts program, cultural activities and various services.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, footpaths, street lighting, traffic management and airport. Purchase and disposal of Council's road plant, parking control and police licensing.
ECONOMIC SERVICES To help promote the Shire and its economic well being.	Building control, saleyards, tourism and area promotion, standpipes and pest control.
OTHER PROPERTY AND SERVICES To monitor and control the Shire's overheads operating accounts.	Private works operations, plant repairs and operation costs, stock and materials, property leases and rental, salaries and wages for council employees.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.71	0.66	1.91
Asset consumption ratio	0.87	0.96	0.99
Asset renewal funding ratio	2.78	N/A	N/A
Asset sustainability ratio	0.53	1.31	0.50
Debt service cover ratio	0.38	3.56	(31.24)
Operating surplus ratio	(0.48)	(0.54)	(1.58)
Own source revenue coverage ratio	0.48	0.47	0.31

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2020

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Derby-West Kimberley

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Derby-West Kimberley which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Derby-West Kimberley:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 9 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years. The financial ratios are reported in Note 30 of the annual financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The Shire has not fully developed its formal policies and supporting procedures for proper control over its fixed assets.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 30 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Derby-West Kimberley for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



ALOHA MORRISSEY
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
16 February 2021



Shire of Derby / West Kimberley

Feedback

If you have a comment or questions about the Annual Report here's how to contact us

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4.2 QUESTIONS FROM ELECTORS ON ITEMS RELATING TO THE ANNUAL REPORT

NIL.

5 GENERAL BUSINESS

5.1 QUESTIONS FROM ELECTORS ON ITEMS RELATING TO OTHER MATTERS

Nil.

6 CLOSURE

6.1 Closure of Meeting

The Presiding Member closed the meeting at 7:03pm.

These minutes were confirmed at a meeting on

24/11/2022

Signed: 

Presiding Person at the meeting at which these minutes were confirmed.

24 November 2022
Date: