



**Shire of Derby /
West Kimberley**

MINUTES

Compliance and Strategic Review Committee Meeting Thursday, 28 March 2019

Date: Thursday, 28 March 2019

Time: 11.00am

**Location: Library
Fitzroy Crossing**



Order Of Business

1	Declaration of Opening, Announcement of Visitors.....	3
2	Attendance via Telephone/Instantaneous Communications.....	3
3	Announcements by Presiding Person without Discussion	4
4	Disclosure of Interests	4
	4.1 Declaration of Financial Interests	4
	4.2 Declaration of Proximity Interests	4
	4.3 Declaration of Impartiality Interests.....	4
5	Confirmation of Minutes of Previous Meetings	5
6	Reports	6
	6.1 2018-19 Budget Review	6
7	New Business of an Urgent Nature	18
8	Date of Next Meeting	18
9	Closure of Meeting	18

**MINUTES OF SHIRE OF DERBY / WEST KIMBERLEY
COMPLIANCE AND STRATEGIC REVIEW COMMITTEE MEETING
HELD AT THE LIBRARY, FITZROY CROSSING, DERBY
ON THURSDAY, 28 MARCH 2019 AT 11.00AM**

- PRESENT:** Cr Geoff Haerewa (Shire President), Cr Chris Kloss, Cr Peter Mccumstie, Cr Iris Prouse, Cr Paul White (Deputy Shire President)
- IN ATTENDANCE:** Stephen Gash (Chief Executive Officer), Danielle Hurstfield (Manager Administration and Governance), Wayne Neate (Director Technical and Development Services), Ross Sullivan (Manager Community Services), Noel Myers (Manager Planning Services), Belinda Storer (Fitzroy Crossing Area Manager), Carlie McCulloch (Governance Officer)
- VISITORS:** Nil
- GALLERY:** Nil
- APOLOGIES:** Nil
- APPROVED LEAVE OF ABSENCE:** Nil
- ABSENT:** Nil

1 DECLARATION OF OPENING, ANNOUNCEMENT OF VISITORS

The meeting was opened at 11.00am by Shire President, Cr 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.

MOTION

COMMITTEE RESOLUTION CSRC08/19**Moved:** Cr Iris Prouse**Seconded:** Cr Chris Kloss**That Council by an Absolute Majority:**

- 1. Approves Councillors Cr Peter McCumstie attendance at the Council Meeting held on 14 March via telephone communication in accordance with regulation 14A(1) of the *Local Government (Administration) Regulations 1996*;**
- 2. Approves Perth, Western Australia, as a suitable place for Councillor attendance with regulation 14A(4) of the *Local Government (Administration) Regulations 1996*.**

In Favour: Crs Geoff Haerewa, Chris Kloss, Peter McCumstie, Iris Prouse, Andrew Twaddle and Paul White

Against: Nil

CARRIED 6/0**3 ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION****4 DISCLOSURE OF INTERESTS**

Section 5.65 and 5.70 of the *Local Government Act 1995* requires an Elected Member or officer who has an interest in any matter to be discussed at a Committee/Council Meeting that will be attended by the Elected Member or officer must disclose the nature of the interest in a written notice given to the Chief Executive Officer before the meeting; or at the meeting before the matter is discussed.

An Elected Member who makes a disclosure under section 5.65 or 5.70 must not preside at the part of the meeting relating to the matter; or participate in; or be present during, any discussion or decision making procedure relating to the matter, unless allowed by the Committee/Council. If Committee/Council allow an Elected Member to speak, the extent of the interest must also be stated.

4.1 Declaration of Financial Interests**4.2 Declaration of Proximity Interests****4.3 Declaration of Impartiality Interests**

5 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

COMMITTEE RESOLUTION CSRC09/19

Moved: Cr Iris Prouse

Seconded: Cr Paul White

That the Minutes of the Compliance and Strategic Review Committee Meeting held at the Council Chambers, Clarendon Street, Derby, on 14 March 2019 be CONFIRMED.

In Favour: Crs Geoff Haerewa, Chris Kloss, Peter McCumstie, Iris Prouse, Andrew Twaddle and Paul White

Against: Nil

CARRIED 6/0

6 REPORTS

6.1 2018-19 BUDGET REVIEW

File Number: 5122

Author: Myra Henry, Manager Finance

Responsible Officer: Stephen Gash, Chief Executive Officer

Authority/Discretion: Executive

SUMMARY

For the Compliance and Strategic Review Committee to review and recommend to Council the adoption of the 2018-2019 Budget Review with no budget amendments.

DISCLOSURE OF ANY INTEREST

Nil.

BACKGROUND

Local governments are required to conduct a budget review by 31 March each financial year. This report presents an indicative summary of the 2018-2019 Budget Review attached. The review is an opportunity to evaluate the current budget and allocate funding for emerging community priorities and to correct some budget estimates for unbudgeted projects and unforeseen circumstances. There are other factors and urgent matters that affect the operational activities and revenue streams which have resulted in budget variations and are discussed further in this report.

Budget reviews provide a tool for decision making for current and future activities and are a key component of financial management practices. In conjunction with providing compliance with legislation, the review aims to assess all line item budgets.

STATUTORY ENVIRONMENT

Local Government Act 1995

6.8. Expenditure from municipal fund not included in annual budget

- (1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —
 - (a) is incurred in a financial year before the adoption of the annual budget by the local government; or
 - (b) is authorised in advance by resolution*; or
 - (c) is authorised in advance by the mayor or president in an emergency.
 - i. Absolute majority required.

Local Government (Financial Management) Regulations 1996

33A. Review of budget

1. Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.

- 2A. The review of an annual budget for a financial year must —
- (a) consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
 - (b) consider the local government’s financial position as at the date of the review; and
 - (c) review the outcomes for the end of that financial year that are forecast in the budget.
2. Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
 3. A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.

*Absolute majority required.

4. Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

POLICY IMPLICATIONS

There are no policy implications related to this report.

FINANCIAL IMPLICATIONS

The budget review has identified some increased expenditure requirements and reductions in some revenue streams, however, these are offset by savings elsewhere predicting a surplus of \$177,600 as at the 30th June 2018. This is a major improvement on the deficit estimated in March 2017 which was \$1.5M due to reductions in revenue at the Derby Wharf and increased expenses in Information Technology costs and other operations. A reduced deficit carried forward will create less strain on 2018-2019 operations than was the case when compiling the 2018-2019 budget.

STRATEGIC IMPLICATIONS

GOAL	OUTCOME	STRATEGY
4: Good governance and an effective organisation and leadership that provides strategic direction for the community, supported by efficient and effective service delivery	4.4: Financial sustainability and accountability for performance	4.4.4: Provide resources to support the Shire’s operations and to meet planning, reporting and accountability requirements

RISK MANAGEMENT CONSIDERATIONS

RISK	LIKELIHOOD	CONSEQUENCE	RISK ANALYSIS	MITIGATION
Legal & Compliance: That the review not be submitted to Council within 30 days after the	Unlikely	Moderate	Medium	Accept officer recommendation and submit to March OCM for Council’s

review has been finalised.				consideration
Organisation's Operations: Non approval of the budget review would result in significant delays to achieving deliverables	Unlikely	Moderate	Medium	In the short term the existing annual budget would continue to apply and proposed amendments would not apply
Reputation: Non approval of the budget review would result in significant delays to achieving deliverables	Unlikely	Moderate	Medium	Accept officer recommendation with any amendments

CONSULTATION

Managers have considered the impact of any increased expenses and decreased revenue streams to identify areas of savings available for re-allocation to enable the inclusion of any initiatives to benefit the community and keep within the budget guidelines of a balanced budget.

COMMENT

The focus of the 2018-2019 mid-year budget review has been to consider any changes in Councils operating environment since the beginning of the financial year with a view to forecasting the financial impacts likely to arise for the remainder of the financial year.

VOTING REQUIREMENT

Absolute majority

ATTACHMENTS

1. **2018/19 Budget Review** [↓](#) 

COMMITTEE RESOLUTION CSRC10/19

Moved: Cr Andrew Twaddle

Seconded: Cr Chris Kloss

That Compliance and Strategic Review Committee adopts by ABSOLUTE MAJORITY the 2018-2019 budget review, as attached to this report with no budget amendments and recommends adoption by Council.

In Favour: Crs Geoff Haerewa, Chris Kloss, Peter McCumstie, Iris Prouse, Andrew Twaddle and Paul White

Against: Nil

CARRIED 6/0 BY ABSOLUTE MAJORITY

**SHIRE OF DERBY/WEST KIMBERLEY
BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31ST JANUARY 2019**

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

TABLE OF CONTENTS

Statement of Budget Review by Nature or Type	1
Statement of Budget Review by Program	2
Note 1 Basis of Preparation	3
Note 2 Summary Graphs - Budget Review	4
Note 3 Net Current Funding Position	5
Note 4 Predicted Variances	7
Note 5 Budget Amendments	9

**STATEMENT OF BUDGET REVIEW
(NATURE OR TYPE)
FOR THE PERIOD ENDED 31ST JANUARY 2019**

Note	Budget v Actual		Predicted		
	Annual Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End (a)+(c)+(d)
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Net current assets at start of financial year surplus/(deficit)	3,626,300	3,656,323	30,023		3,656,323 ▲
Revenue from operating activities (excluding rates)					
Operating grants, subsidies and contributions	4.1.3 3,417,300	1,980,105	(175,600)		3,241,700 ▼
Profit on asset disposals	0	0	0		0
Fees and charges	4.1.2 3,754,500	2,535,311	(543,300)		3,211,200 ▼
Interest earnings	4.1.4 306,500	247,554	28,800		335,300 ▲
Other revenue	4.1.5 290,200	265,712	21,700		311,900 ▲
	7,768,500	5,028,682	(668,400)	0	7,100,100
Expenditure from operating activities					
Employee costs	4.2.1 (6,420,600)	(3,630,916)	161,200		(6,259,400) ▼
Materials and contracts	4.2.2 (14,296,900)	(6,529,267)	3,238,700	65,900	(10,992,300) ▼
Utility charges	4.2.3 (1,011,300)	(597,152)	21,100		(990,200) ▼
Depreciation on non-current assets	4.2.4 (9,018,200)	(3,885,457)	2,728,400		(6,289,800) ▼
Interest expenses	4.2.4 (244,300)	(35,971)	24,100		(220,200) ▼
Insurance expenses	4.2.5 (989,000)	(956,677)	32,300		(956,700) ▼
Other expenditure	4.2.6 (1,097,200)	(813,427)	94,300		(1,002,900) ▼
	(33,077,500)	(16,448,866)	6,300,100	65,900	(26,711,500)
Operating activities excluded from budget					
Depreciation on assets	9,018,200	3,885,456	(2,728,400)		6,289,800 ▼
(Profit)/loss on asset disposal	4.4.3 0	0			0
Adjust provisions and accruals	0	(65,373)	(12,683)		(12,683) ▼
Amount attributable to operating activities	(12,664,500)	(3,943,778)	2,920,640	65,900	(9,677,960)
INVESTING ACTIVITIES					
Non-operating grants, subsidies and contributions	4.3.1 9,979,700	3,331,659	(1,909,800)		8,069,900 ▼
Purchase land and buildings	4.4.1 (1,308,000)	(1,266,684)	(552,000)		(1,860,000) ▲
Purchase property, plant and equipment	4.4.2 (598,000)	(4,157)	73,000		(525,000) ▼
Purchase furniture and equipment	4.4.3 (38,000)	0	15,000		(23,000) ▼
Purchase and construction of infrastructure-roads	4.4.4 (5,440,800)	(1,498,370)	177,200		(5,263,600) ▼
Purchase and construction of infrastructure-other	4.4.5 (1,920,500)	(597,921)	287,100	232,500	(1,400,900) ▼
Proceeds from disposal of assets	4.3.2 419,500	856	(64,100)	(292,500)	62,900 ▼
Amount attributable to investing activities	1,093,900	(34,618)	(1,973,600)	(60,000)	(939,700)
FINANCING ACTIVITIES					
Transfers from cash backed reserves (restricted assets)	4.3.3 6,302,500	5,370,868	(54,600)		6,247,900 ▼
Repayment of debentures	4.4.6 (160,700)	(79,558)	0		(160,700)
Transfers to cash backed reserves (restricted assets)	4.5.1 (1,287,900)	0	(808,600)		(2,096,500) ▲
Amount attributable to financing activities	4,853,900	5,291,310	(863,200)	0	3,990,700
Budget deficiency before general rates	(6,716,700)	1,312,914	83,840	5,900	(6,626,960)
Estimated amount to be raised from general rates	6,716,700	6,899,213	125,700	0	6,842,400 ▲
Closing funding surplus(deficit)	2 0	8,212,127	209,540	5,900	215,440 ▲

**STATEMENT OF BUDGET REVIEW
(STATUTORY REPORTING PROGRAM)
FOR THE PERIOD ENDED 31ST JANUARY 2019**

	Budget v Actual		Predicted			Material Variance
	Adopted Annual Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End (a)+(c)+(d)	
Note	\$	\$	\$	\$	\$	
OPERATING ACTIVITIES						
Net current assets at start of financial year surplus/(deficit)	3,626,300	3,656,323	30,023		3,656,323	▲
Revenue from operating activities (excluding rates)						
Governance	62,100	24,678	(29,900)		32,200	▼
General purpose funding	2,311,500	1,313,576	161,400		2,472,900	▲
Law, order, public safety	46,500	16,233	500		47,000	▲
Health	527,600	314,976	33,300		560,900	▲
Education and welfare	400,000	334,280	(259,200)		140,800	▼
Housing	18,100	14,991	6,800		24,900	▲
Community amenities	1,877,300	1,680,739	(118,900)		1,758,400	▼
Recreation and culture	295,700	161,113	(52,300)		243,400	▼
Transport	2,076,700	1,061,582	(415,600)		1,661,100	▼
Economic services	89,000	72,638	16,500		105,500	▲
Other property and services	64,000	33,877	(11,000)		53,000	▼
	7,768,500	5,028,682	(668,400)	0	7,100,100	
Expenditure from operating activities						
Governance	(1,406,100)	(608,431)	313,100		(1,093,000)	▲
General purpose funding	(301,000)	(200,367)	37,800		(263,200)	▲
Law, order, public safety	(463,400)	(240,665)	54,400		(409,000)	▲
Health	(905,800)	(486,416)	50,600		(855,200)	▲
Education and welfare	(713,700)	(377,857)	61,100		(652,600)	▲
Housing	(223,100)	(67,594)	106,800		(116,300)	▲
Community amenities	(4,032,900)	(2,160,886)	132,200		(3,900,700)	▲
Recreation and culture	(4,351,400)	(2,150,716)	576,100	(65,900)	(3,841,200)	▲
Transport	(18,368,400)	(8,472,059)	5,170,900		(13,197,500)	▲
Economic services	(720,200)	(391,563)	67,200		(653,000)	▲
Other property and services	(1,591,500)	(1,292,312)	(138,300)		(1,729,800)	▼
	(33,077,500)	(16,448,866)	6,431,900	(65,900)	(26,711,500)	
Operating activities excluded from budget						
Depreciation on assets	9,018,200	3,885,456	(2,728,400)		6,289,800	▼
Adjust (Profit)/Loss on Asset Disposal	0	0	0		0	
Adjust Provisions and Accruals	0	0	(12,683)		(12,683)	▼
Amount attributable to operating activities	(12,664,500)	(3,878,405)	3,052,440	(65,900)	(9,677,960)	
INVESTING ACTIVITIES						
Non-operating grants, subsidies and contributions	9,979,700	3,331,659	(1,909,800)		8,069,900	▼
Purchase land and buildings	(1,308,000)	(1,266,684)	(552,000)		(1,860,000)	▼
Purchase plant and equipment	(598,000)	(4,157)	73,000		(525,000)	▲
Purchase furniture and equipment	(38,000)	0	15,000		(23,000)	▲
Purchase and construction of infrastructure - roads	(5,440,800)	(1,498,370)	177,200		(5,263,600)	▲
Purchase and construction of infrastructure - other	(1,920,500)	(597,921)	287,100	232,500	(1,400,900)	▲
Proceeds from disposal of assets	419,500	856	(64,100)	(292,500)	62,900	▼
Amount attributable to investing activities	1,093,900	(34,618)	(1,973,600)	(60,000)	(939,700)	
FINANCING ACTIVITIES						
Repayment of borrowings	10 (160,700)	(79,558)	0		(160,700)	
Transfers to cash backed reserves (restricted assets)	9 (1,287,900)	0	(516,100)	(292,500)	(2,096,500)	▼
Transfers from cash backed reserves (restricted assets)	9 6,302,500	5,370,868	(54,600)		6,247,900	▼
Amount attributable to financing activities	4,853,900	5,291,310	(516,100)	(292,500)	3,990,700	▼
Budget deficiency before general rates	(6,716,700)	1,378,287	562,740	(418,400)	(6,626,960)	
Estimated amount to be raised from general rates	6,716,700	6,899,213	6,899,213		6,842,400	▲
Closing Funding Surplus(Deficit)	2 0	8,277,500	7,461,953	(418,400)	215,440	▲

**SHIRE OF DERBY/WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

1. BASIS OF PREPARATION

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

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.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Derby/West Kimberley controls resources to carry on its functions have been included in the financial statements forming part of this budget review.

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.

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.

2017/18 ACTUAL BALANCES

Balances shown in this budget review report as 2017/2018 Actual are as forecast at the time of budget review preparation and are subject to final adjustments.

ROUNDING OFF FIGURES

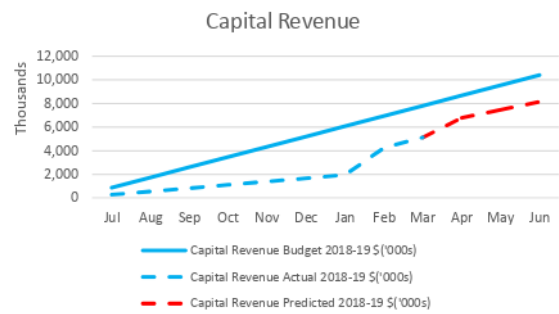
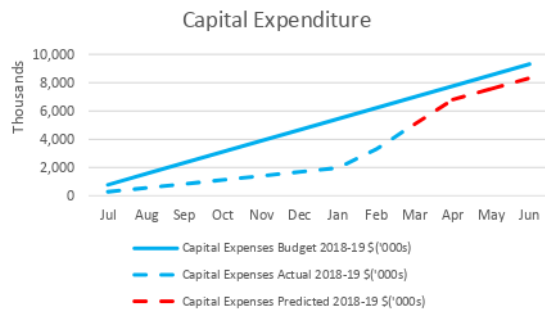
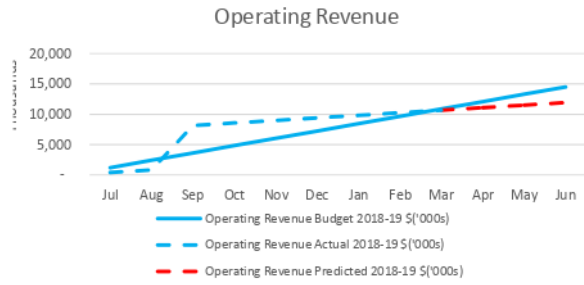
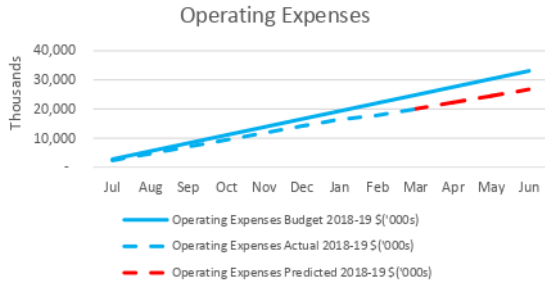
All figures shown in this budget review report are rounded to the nearest dollar.

BUDGET COMPARATIVE FIGURES

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

**SHIRE OF DERBY/WEST KIMBERLEY
SUMMARY GRAPHS - BUDGET REVIEW
FOR THE PERIOD ENDED FOR THE PERIOD ENDED 31ST JANUARY 2019**

2. SUMMARY GRAPHS - BUDGET REVIEW



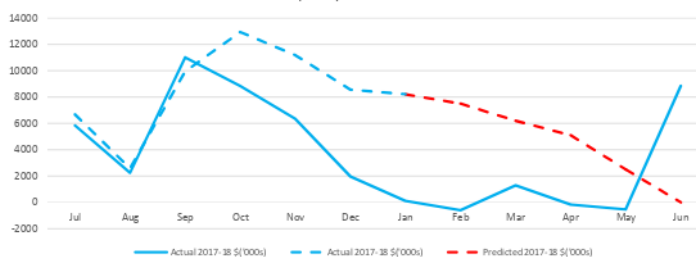
This information is to be read in conjunction with the accompanying financial statements and notes.

SHIRE OF DERBY/WEST KIMBERLEY
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31ST JANUARY 2019

3. NET CURRENT FUNDING POSITION

Note	Positive/Surplus (Negative/Deficit) 2018-19		
	ACTUAL June 2018	BUDGET 30 June 2018	ACTUAL January 2019
	\$	\$	\$
Current assets			
Cash unrestricted	(475,318)	0	3,817,811
Cash restricted	6,923,520	2,465,614	1,552,652
Receivables - rates and rubbish	2,404,760	672,587	3,890,753
Receivables - other	4,700,282	500,000	1,597,904
Inventories	125,656	117,093	125,509
	13,678,900	3,755,294	10,984,629
Less: current liabilities			
Payables	(3,099,057)	(1,289,680)	(1,219,850)
Provisions	(989,639)	(971,072)	(989,639)
	(4,088,696)	(2,260,752)	(2,209,489)
Less: cash restricted	(6,923,520)	(2,465,614)	(1,552,652)
Less: provisions employees	989,639	971,072	989,639
Net current funding position	3,056,323	0	8,212,127

Liquidity Over the Year



3. COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 Net Current Assets of the budget.

TRADE AND OTHER RECEIVABLES

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

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

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

INVENTORIES

General

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

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

CURRENT AND NON-CURRENT CLASSIFICATION

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

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss. Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire of Derby/West Kimberley prior to the end of the financial year that are unpaid and arise when the Shire of Derby/West Kimberley 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.

EMPLOYEE BENEFITS

Short-Term Employee Benefits

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

PROVISIONS

Provisions are recognised when the Shire of Derby/West Kimberley has a 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 amount required to settle the obligation at the end of the reporting period.

RATES, GRANTS, DONATIONS AND OTHER CONTRIBUTIONS

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Derby/West Kimberley obtains control over the assets comprising the contributions.

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

**SHIRE OF DERBY/WEST KIMBERLEY
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31ST JANUARY 2019**

PREDICTED VARIANCES

Comments/Reason for Variance

	Variance \$	
	Permanent	Timing
1 OPERATING REVENUE (EXCLUDING RATES)		
4.1.2 FEES AND CHARGES	(543,300)	0
Forecast fees and charges for Waste Services are under budget by over \$130,000. Berthing fees and charges at the Derby Wharf are under budget revenue forecasts by \$100,000 Derby Airport fees and charges will be under budget by around \$40,000. Fees and charges, including lease and rent, for the Derby Warf are forecast to be under budget by \$227,000 Other fees and charges accounts will be under budget by a further \$56,300.		
4.1.3 GRANTS, SUBSIDIES AND CONTRIBUTIONS	(175,600)	0
It is forecast that we will not receive funding as budgeted to operate the Youth Centre of \$234,300 Some other operating grant forecasts are over budget.		
4.1.4 INTEREST EARNINGS	28,800	0
Forecast interest earnings are above budget		
4.1.5 OTHER REVENUE	21,700	0
No material variances		
2 OPERATING EXPENSES		
4.2.1 EMPLOYEE COSTS	161,200	0
No material variances		
4.2.2 MATERIAL AND CONTRACTS	3,238,700	65,900
General savings in Governance expenditure levels \$400,000 General reductions in materials and contracts for Waste Management Services \$100,000 Variance in forecast Remote Australia Strategy expenditure \$331,900 Timing variance for the Nicholson Oval and Fitzroy Oval lighting towers \$65,900. Variance in forecast flood damage expenditure \$1,877,500 general Savings in materials and contracts over the organisation \$529,300		
4.2.3 UTILITY CHARGES	21,100	0
No material variances		
4.2.4 DEPRECIATION (NON CURRENT ASSETS)	2,728,400	0
Reduction in depreciation to road infrastructure \$2,894,700 as a result of revaluation No other material variances in depreciation charges		
4.2.4 INTEREST EXPENSES	24,100	0
Some savings on the interest for the Derby Airport Loans.		
4.2.5 INSURANCE EXPENSES	32,300	0
Small savings in forecast insurance costs.		
4.2.6 OTHER EXPENDITURE	94,300	0
Predicted Variances Carried Forward	5,631,700	65,900

**SHIRE OF DERBY/WEST KIMBERLEY
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31ST JANUARY 2019**

PREDICTED VARIANCES

Comments/Reason for Variance

	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	5,631,700	65,900
3 CAPITAL REVENUE		
4.3.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS	(1,909,800)	0
Reduction in Capital Grants for Flood Damage Reinstatement \$1,613,400 which is offset by the same reduction in Materials and Contracts Operating Expenditure refer 4.2.2		
Reduction in Capital Grants for the CCTV camera installation of \$231,000 project offset by a reduction in Capital Grants		
4.3.2 PROCEEDS FROM DISPOSAL OF ASSETS	(64,100)	(292,500)
Some vehicle replacements are forecast to not occur such as 9KW. This is offset by a reduction in Capital expenses.		
The sale of the Unit at King Sound Close of \$292,500 is not expected to occur in 2018-2019 which will also reduce the transfer to reserves.		
4.3.3 TRANSFER FROM RESERVES (RESTRICTED ASSETS)	(54,600)	0
No material variance		
4 CAPITAL EXPENSES		
4.4.1 LAND AND BUILDINGS	(552,000)	0
Over expenditure on the Derby Airport Terminal of \$609,700.		
No other material variances		
4.4.2 PLANT AND EQUIPMENT	73,000	0
Some plant and vehicle purchases will not be made refer also 4.3.2		
4.4.3 FURNITURE AND EQUIPMENT	15,000	0
No material variance		
4.4.4 INFRASTRUCTURE ASSETS - ROADS	177,200	0
No material variance		
4.4.5 INFRASTRUCTURE ASSETS - OTHER	287,100	232,500
Over expenditure of \$191,200 on the Cattle Race Walkway		
This is offset by under expenditure of \$416,300 on the Derby Wharf		
4.4.6 REPAYMENT OF DEBENTURES	0	0
No variance		
4.5 OTHER ITEMS		
4.5.1 TRANSFER TO RESERVES (RESTRICTED ASSETS)	(808,600)	0
Additional transfer to reserves above budget due to Unspent Grants and contributions,		
4.5.2 RATE REVENUE	125,700	0
rates raised are forecast to be slightly above budget estimates		
4.5.3 OPENING FUNDING SURPLUS(DEFICIT)	30,023	0
4.5.4 NON-CASH WRITE BACK OF DEPRECIATION AND OTHER ACCRUALS	(2,728,400)	0
4.5.5 NON-CASH WRITE BACK OF OTHER ACCRUALS	(12,683)	0
Total Predicted Variances as per Annual Budget Review	209,540	5,900
Total Predicted Variances as per Annual Budget Review	215,440	

7 NEW BUSINESS OF AN URGENT NATURE

8 DATE OF NEXT MEETING

The next meeting of Compliance and Strategic Review Committee will be held Thursday, 11 April 2019 in the Council Chambers, Clarendon Street, Derby.

9 CLOSURE OF MEETING

The Presiding Member closed the meeting at 11.30am.

These minutes were confirmed at a meeting on
.....
Signed:
Presiding Person at the meeting at which these minutes were confirmed.
Date: