

Shire of Dalwallinu Annual Report 2016/17



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2015/16 ANNUAL ELECTORS MEETING
7 February 2017

1.0 OPENING & WELCOME BY PRESIDENT

The President declared the meeting open at 6:03pm.

Present

Shire President	Cr SC Carter
Deputy President	Cr KL Carter
	Cr GH Sanderson JP
	Cr KM McNeill JP
	Cr NW Mills
	Cr KJ Christian

IN ATTENDANCE

Chief Executive Officer	Ms JM Sutherland
Deputy Chief Executive Officer	Mr KT Jones
Manager Regulation & Development Services	Mr D Burke
Manager Works & Services	Mr W Taylor
Members of Public	Mr W Dinnie
	Mr J Roach
	Mrs I Mills

2.0 APOLOGIES

Cr RS Nixon
Cr AR Dickins
Mr M Huggett

3.0 MINUTES OF PREVIOUS ANNUAL ELECTORS MEETING

MOTION 7012

Moved Cr K McNeill
Seconded Cr N Mills

That the Minutes of the Annual Electors Meeting held on 2 February 2016 be confirmed.

CARRIED



4.0 PRESENTATION OF ANNUAL REPORT CONSISTING OF:

4.1 PRESIDENT'S REPORT

MOTION 7013

Moved Cr G Sanderson

Seconded Cr K Christian

That the President's Report for the financial year 2015/16 be received.

CARRIED

4.2 CHIEF EXECUTIVE OFFICER'S REPORT

MOTION 7014

Moved Cr K Carter

Seconded Cr G Sanderson

That the Chief Executive Officer's Report for the financial year 2015/16 be received.

CARRIED

4.3 FINANCIAL REPORT FOR THE 2015/16 FINANCIAL YEAR

MOTION 7015

Moved Cr K Carter

Seconded Cr K McNeill

That the 2015/16 Annual Financial Statements and Report, as presented, be received and adopted.

CARRIED

4.4 AUDITOR'S REPORT

MOTION 7016

Moved Cr K McNeill

Seconded Cr K Carter

That the Auditor's Report for the financial year 2015/16 be received.

CARRIED



5.0 OTHER INFORMATION & QUESTION TIME

Nil

6.0 GENERAL BUSINESS

Nil

7.0 CLOSURE OF MEETING

There being no further business, the Chairperson closed the meeting at 6:38pm.

8.0 CERTIFICATION

I, **Steven Clifford CARTER**, certify that the Minutes of the meeting held on 7 February 2017, as shown on page numbers 1 to 3 were confirmed as a true record at the meeting held on the

_____.

Date



Councillors of the Shire



STEVEN CARTER
Shire President
0428 663 017
Term ending 2019



KEITH CARTER
Deputy Shire President
0428 643 051
Term ending 2019



GRAHAM SANDERSON
Councillor
0428 662 088
Term ending 2019



KAREN MCNEILL
Councillor
0429 020 285
Term ending 2019



ANITA DICKINS
Councillor
0429 621 112
Term ending 2017



KAREN CHRISTIAN
Councillor
0427 183 363
Term ending 2017



NOEL MILLS
Councillor
0428 611 304
Term ending 2017



ROBERT NIXON
Councillor
0428 662 045
Term ending 2017



IAN HYDE
Councillor
Resigned Feb 2017



Councillors Attendance

TABLE1: Attendance of Elected members at Council Meetings -1 July 2016 to 27 June 2017

Elected Members	Ordinary Council Meetings entitled to attend	Ordinary Council Meetings attended	Apologies	Leave of absence
Steven Clifford Carter	11	11	0	0
Keith Leslie Carter	11	11	0	0
Karen Joy Christian	11	9	1	1
Anita Renee Dickins	11	8	2	1
Ian William Hyde*	11	4	0	1
Karen Marie McNeill	11	11	0	0
Noel William Mills	11	10	0	1
Robert Stanley Nixon	11	10	0	1
Graham Hartley Sanderson	11	11	0	0

* Ian Hyde resigned in February 2017

TABLE2: Attendance of Elected members at Council Committee Meetings -1 July 2016 to 27 June 2017

Elected Members	Community Services & Economic Development (11)	Finance & Audit (11)	Works & Plant (11)
Steven Clifford Carter	10	10	11
Keith Leslie Carter	0	10	11
Karen Joy Christian	10	0	0
Anita Renee Dickins	9	0	1
Ian William Hyde*	4	3	0
Karen Marie McNeill	11	0	11
Noel William Mills	11	11	11
Robert Stanley Nixon	5	10	10
Graham Hartley Sanderson	0	0	11

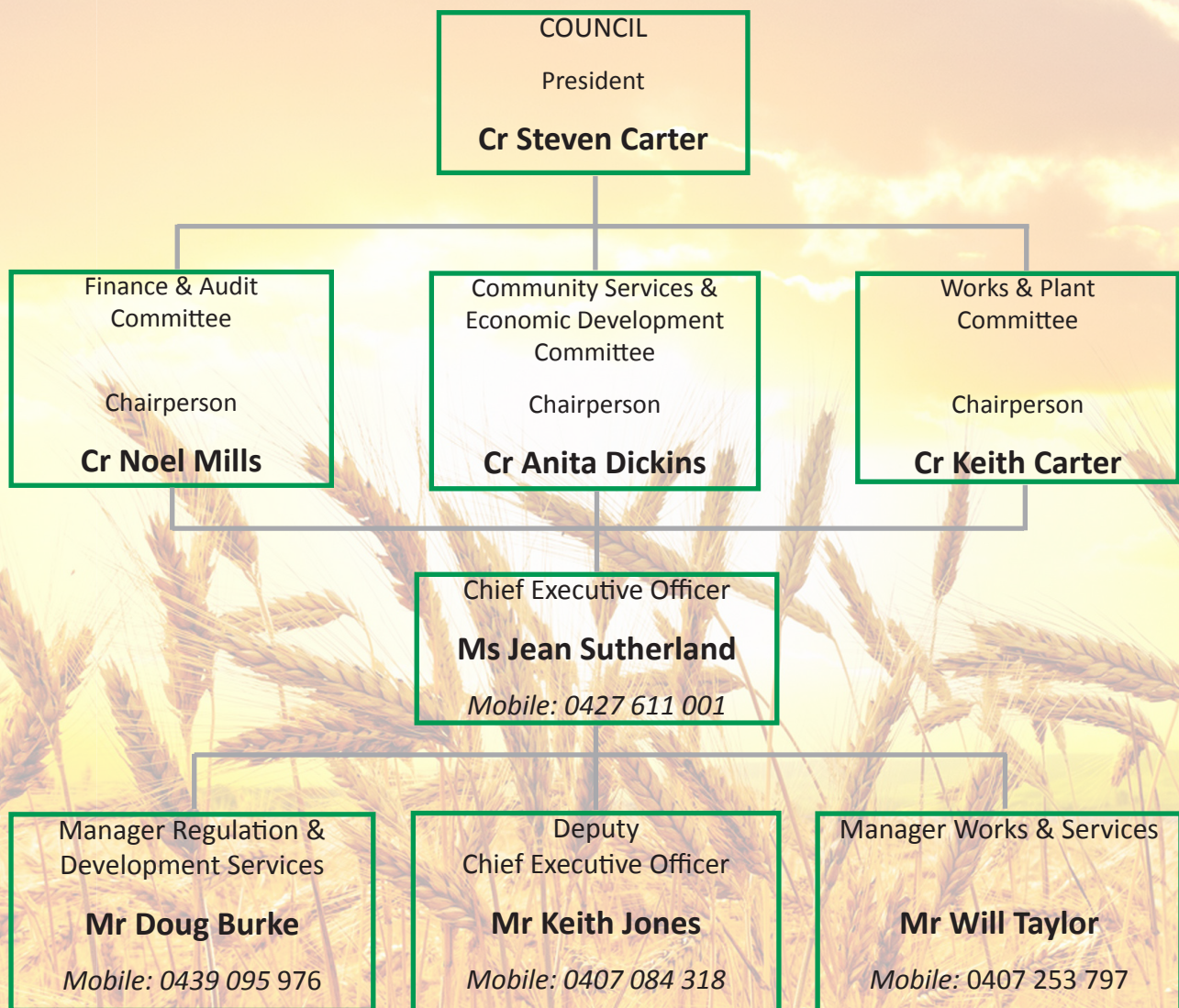
*Resigned in February 2017



Management Structure

The Shire of Dalwallinu has developed its Management Structure to achieve efficient and effective delivery of services and to provide prompt customer service.

The three line Managers have been vested with specific responsibilities, and enjoy a high level of autonomy in carrying out their functions. This is coupled with direct accountability for their respective areas of management. The Managers share a strong commitment towards efficient delivery of Local Government services.





Shire President Message



It's been another eventful year in the Shire of Dalwallinu, both operationally within the Shire and in general around the Shire. We farewelled Chief Executive Officer, Tony Doust and welcomed new Chief Executive Officer, Jean Sutherland. The transition from one to the other was seamless thanks to Tony agreeing to stay for a week to assist Jean in finding her feet. I must say Jean has hit the ground running and she's been a pleasure to work alongside.

Some farmers had a roller coaster ride with what potentially was going to be a record production year only to have this promise spoiled by some devastating frosts, however it was still another high production year with many tonnes of lime and fertiliser being moved along the Shire's road network. This puts pressure on the roads and in turn pressure on the road crew to maintain the roads to a standard the ratepayers have come to expect. This has become somewhat easier with the employment of the new Manager Works & Services, Will Taylor. Will has reinvigorated the works crew and productivity has increased markedly.

The outside crew have been hard at work having to put up with trying conditions for building and maintaining the roads experiencing

both too wet and too dry conditions at times. Some of the wet weather came in the form of damaging storms with heavy rain and consequently another WANDRRA claim for damage to our roads was lodged. This is the third claim for assistance from the Federal exceptional circumstances fund.

The town crew were kept busy installing shades in the main street, renovating gardens, installing a BBQ and paving and generally keeping the town looking good. A testament to their efforts is the amount of positive feedback the Shire receives from tourist passing through.

As for the Shire, we have been deliberating over the recreation complex and finally reached consensus on a design and submitted our funding application for \$2.5M to the Federal Building Better Regions Fund.

We have seen the Richardson Park project finished thanks to a grant from LotteryWest. An official opening was held in May 2017 with a fantastic turnout and it has been amazingly well patronised since. Additional funding of \$1.3M has been received from LotteryWest to upgrade the precinct of the Dalwallinu Recreation Centre.

One of the most enjoyable and satisfying duties I have had to perform this year was the official opening of the multi-purpose courts. This project was a collaborative effort of sporting groups in partnership with the Shire and Department of Sport & Recreation, to replace an asset that was an embarrassment to the Shire with a new modern asset. This was a great example of community & Council working together to achieve a magnificent outcome.

With residential blocks still being in demand Landcorp have completed the Old Hospital housing subdivision stage two which was eight (8) blocks and the Shire is set to purchase land on Bell Street to develop a further nine (9) residential blocks to try and keep up with the demand. Innovations Central Midlands Inc (ICMI)



submitted a \$7M Royalties for Regions funding application to build Independent Living Units in Dalwallinu, Moora and Wongan-Ballidu. In December 2016 it was announced that the funding had been successful. Unfortunately with the change of Government in 2017 the funding has now been withdrawn. The three Shires will continue to investigate the building of these units but on a slightly smaller scale. ICMI is also working on other projects including telecommunications.

Dalwallinu has long been known for its wattles, wheat and wildflowers, however the industries now set up in town are also focussed on the mining area to the north east and with most industrial blocks now taken up the Shire purchased one block of land and constructed three (3) factory units on it. These have been completed and one has been tenanted and the other two are available for lease. The Shire bought another industrial block which will be sold in the near future. Landcorp have

been approached to commence Stage 2 of the Huggett Drive development.

The Shire operates the medical centre and employs the Doctor, Dr Henni Smit and his wife Gail, as the Practice Nurse. The medical centre went through an independent review this year to enable everyone involved to get an overview of what it costs to provide this service. Hopefully this process will have the effect of reducing the amount the ratepayers have to contribute to continue to provide a top class health service to the residents of the Shire of Dalwallinu and surrounding districts.

Finally, I would like to thank my fellow Councillors for their support. We have achieved some great outcomes and have put plans in place to ensure the viability of the Shire.

Cr Steven Carter

SHIRE PRESIDENT



official opening of the multi-purpose courts



Chief Executive Officer Message



It gives me great pleasure to present my first Chief Executive Officer's Report for the Shire of Dalwallinu. I commenced with the Shire on 28 November 2016.

It was pleasing to see the data revealed from the 2016 Census which showed that the Shire had a 12.75% population increase with the population now at 1,429. The Shire of Dalwallinu would be one of very few regional local governments that had experienced population growth in the last five (5) years.

Highlights of the 2016/17 year include:

Commencement of planning for the proposed upgrade to the Dalwallinu Recreation Centre through community engagement with the focus group;

Completion of the revitalisation of Richardson Park in collaboration with the Dalwallinu Lions Club. Many thanks to Lotterywest for the funding to enable this project to occur;

Completion of three (3) Industrial Units in Huggett Drive. To date one has been leased to a local business;

Creation of two enclosures at the Dalwallinu

Discovery Centre to be leased as commercial space;

Expenditure of \$2.1M on capital roadworks, \$1.2M on road maintenance and \$3.3M on WANDRRA funded roadworks;

Installation of two (2) Multi-Purpose Courts at the Dalwallinu Recreation Centre;

Upgrade to paving and installation of a Bar-B-Q and seating in the main street;

Replacement of the liner in the toddler's pool and replacement of softfall surroundings of the main pool.

All areas of the Shire's processes and procedures continue to be reviewed to improve efficiencies. Council endorsed the Shire of Dalwallinu 10 year sealing program and have reviewed and adopted recommendations put forward to increase productivity.

The Shire were again successful in obtaining Western Australia Natural Disaster Recovery Relief Funding (WANDRRA) for flood damage which occurred in Jan/Feb 2017. The approved funding amounts to \$3.8M. This funding allows the Shire to bring the road back to the standard it was prior to the flooding but does not allow for any betterment. This latest application brings the total amount of funding received from WANDRRA to in excess of \$9M.

Council endorsed the Shire of Dalwallinu Community Engagement Plan and Communication Plan at their Ordinary Meeting of Council held on 27 June 2017. These documents will guide Officers on how to engage and communicate with the community.

Council adopted the Shire of Dalwallinu Age Friendly Community Plan at their Ordinary Meeting of Council held 20 December 2016. Council identified priorities from this plan to be addressed over the next twelve (12) months.

The review of the Shire of Dalwallinu Strategic



Community Plan commenced in 2016/17. This document is planned to be presented to Council for adoption in September 2017.

STAFF

From an organisational perspective I would like to thank the staff, led by the Senior Management Team for their efforts over the past twelve months.

Their leadership and support is critical to the ongoing success of our organisation. We have put together a very good team of staff who are doing their absolute best to deliver on both Council and community expectations. The FTE for the Shire of Dalwallinu currently sits at 38.59.

The Manager Works & Services, Will Taylor, commenced with the Shire on 28 November 2016. He was faced with many challenges including the capital road projects not having commenced. A big congratulations and thanks to Will for completing a twelve (12) month road program in seven (7) months. All of the outside staff are to be commended for their work ethic in achieving this along with a complete change in the workplace culture.

With the departure of Laurie Walker, Works Supervisor, Tyran Herron was promoted from Leading Hand to Works Supervisor. Ty has taken on the role with great enthusiasm.

William Timmins was employed as the Leading Hand to replace the vacancy which arose from Ty's promotion.

Bernadette Harmer joined the Parks & Gardens crew in February 2017.

Omari Pronk joined the Shire in May 2017 as a Customer Service Officer to replace the vacancy which arose when Tanya Evans resigned.

Jo Guest was employed as the Strategic Projects & Marketing Officer to replace the vacancy that arose with the resignation of Tess JoynerSlot. Jo

will join the Shire in September 2017. I thank Tess for her contribution to Council over the five (5) year period of her employment. She was involved in many projects which have delivered great outcomes for the Shire and the community.

I would like to thank the Councillors and Staff for making me feel welcome and look forward to an exciting twelve months ahead.

Jean Sutherland

CHIEF EXECUTIVE OFFICER



Darren West presenting Lotterywest Grant of \$1,300,000 for Recreation Precinct Upgrade



Citizenship Ceremony



Deputy Chief Executive Officer Report

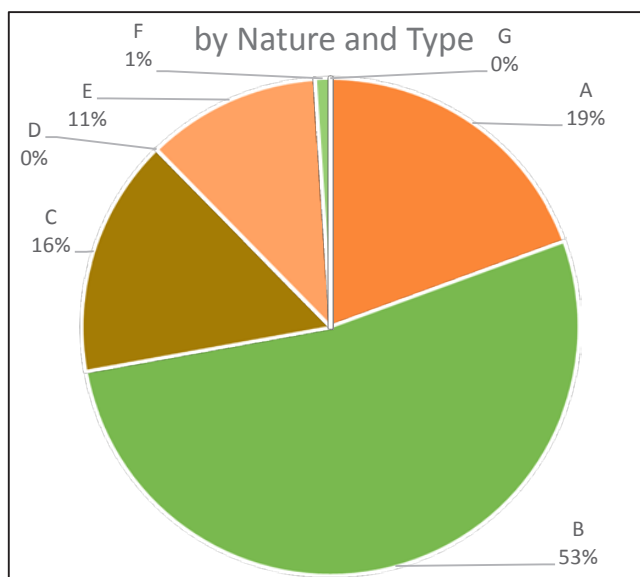
Corporate Services

FINANCE

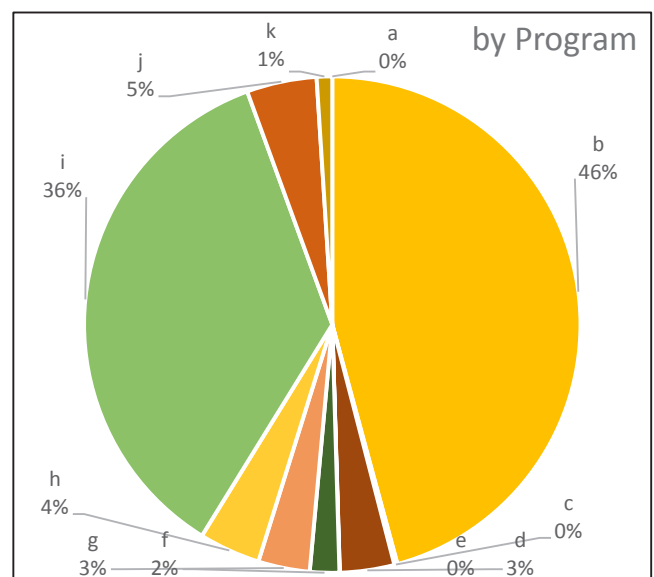
This financial year ended with a significant surplus which was caused by quite a number of factors. The main reason was due to an early 50% payment of Financial Assistance Grant Funding (FAGS) totalling nearly \$1.4million. The other main areas were capital roadworks still to be completed with Roads to Recovery funds, budgeted road maintenance unfinished and some unspent grants relating to wild dog funding. All of this surplus has been budgeted to be expended in the 2017/2018 financial year.

The following 2016/2017 revenue received by the Shire is detailed by graphs showing Nature and Type and by Program.

Graph 1 ~ Revenue



Graph 2 ~ Revenue



Rates	A	3,041,331
Operating Grants,		
Subsidies and Contributions	B	8,263,582
Non-Operating Grants,		
Subsidies and Contributions	C	2,432,219
Profit on Asset Disposals	D	2,190
Fees and Charges	E	1,778,637
Interest Earnings	F	152,652
Other Revenue	G	93

Governance	a	319
General Purpose Funding	b	7,172,242
Law, Order, Public Safety	c	31,680
Health	d	555,399
Education and Welfare	e	3,493
Housing	f	300,086
Community Amenities	g	526,744
Recreation and Culture	h	625,090
Transport	i	5,583,014
Economic Services	j	714,147
Other Property and Services	k	158,488

RESERVE ACCOUNTS

The Shire has a total of \$4,171,652 cash backed reserves (see note 11 in the financial report for a breakdown of this amount). The Land and Building Reserve is holding the largest amount currently due to the Shire's commitment to residential and aged housing development in the town of Dalwallinu.

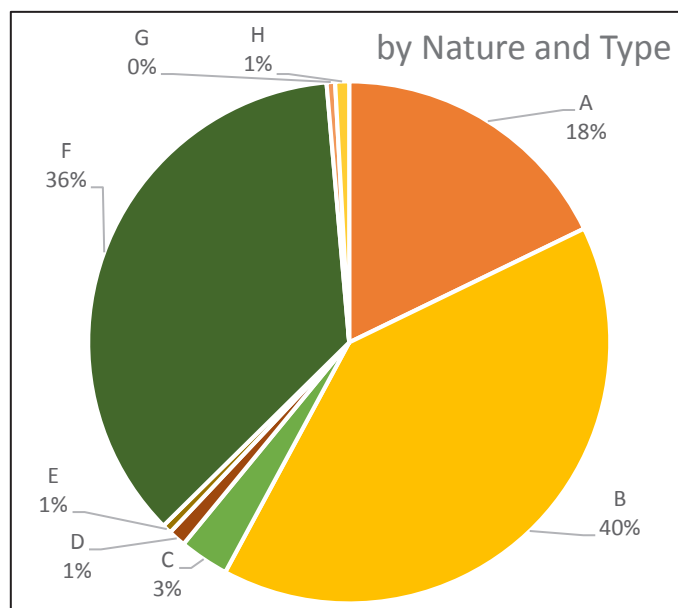
LOANS AND BORROWINGS

The Shire has only three loans currently and no new borrowings were taken out in this financial year. Debt principal repaid during the year was \$104,142.

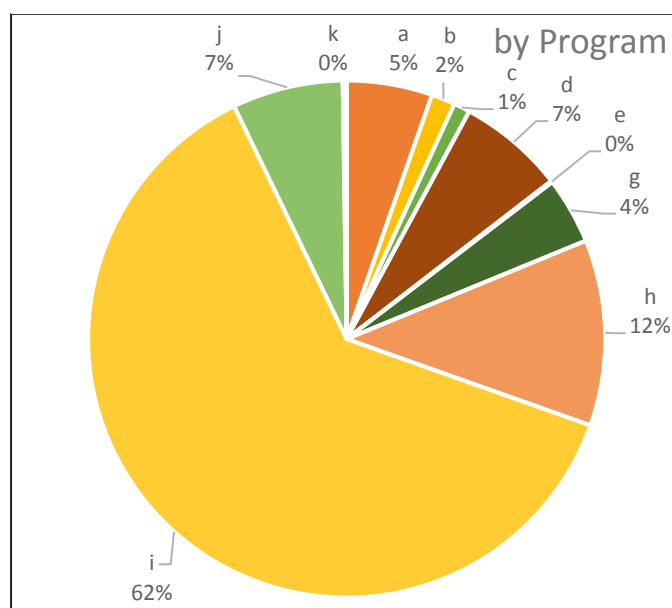


The following 2016/17 expenditure by the Shire is detailed by graphs showing Nature and Type and by Program.

Graph 3 ~ Expenditure



Graph 4 ~ Expenditure



Employee Costs	A	2,512,128
Materials and Contracts	B	5,647,295
Utility Charges	C	433,471
Insurance	D	152,368
Loss on Asset Disposals	E	81,324
Depn. on Non-curr. Assets	F	5,076,029
Interest	G	74,172
Other	H	121,749

Governance	a	739,253
General Purpose Funding	b	205,353
Law, Order, Public Safety	c	141,314
Health	d	920,762
Education and Welfare	e	12,929
Housing	f	291,169
Community Amenities	g	575,264
Recreation and Culture	h	1,605,739
Transport	i	8,617,346
Economic Services	j	955,811
Other Property and Services	k	33,596

RATES

The Shire raised a total of \$3,041,332 in Rates revenue and at the 30th June 2017 the amount of unpaid rates was \$124,040.

INTEREST

Interest earnings for the 2016/17 financial year amounted to \$152,652 against a budget of \$160,565. Very low interest rates were the reason that the budget expected was not achieved.



GRANT FUNDING RECEIVED

Note 2(c) of the Financial Report details the grants received and expended for the year 2016/2017 as listed below.

Project	Funder/Program	Amount
Roads and General Purpose Funding	Federal Government (Financial Assistance Grants)	3,892,638
Road Maintenance	Main Roads WA	260,752
WANDRRA Flood Damaged Roads	Main Roads WA and Federal Government	3,263,517
Capital Road Works	Regional Road Group WA	274,317
Capital Road Works	Roads to Recovery	1,739,569
Regional Dogger Project	Royalties for Regions	46,875
Regional Dogger Project	Australian Wool Industries	55,000
Bridging Funds – Dogger Project	DAFWA	284,000
ESL Operational Funding	Department of Fire & Emergency Services (DFES)	25,404
Swimming Pool State Subsidy Grant	State Government	32,000
Multi-purpose Courts	Department of Sport and Recreation	59,783
Richardson Park Playground	LotteryWest	326,550

LIBRARY & TOURISM

The Library continues to be utilised regularly by our community and the access to information via LISWA is of great benefit.

We had a record number of visitors come through the Discovery Centre and we regularly receive many comments of a similar nature - on what a nice clean attractive town Dalwallinu is – how it looks like it is thriving, how friendly the people are and that the town is a credit to the shire.

The following table shows the peak times in 2016 which were a 53.5% increase on the figures in 2015.

Month	Total Visitors	I/State	%	O/seas	%	WA	%	Unknown	%	Daily Average	# of days	
July	254	64	25	1	0.39	109	42.9	80	31.5	12.1	21	
August	1143	235	21	27	2.36	559	48.9	322	28.2	44.0	26	incl 3 Sat
September	2401	210	8.7	26	1.08	1044	43.5	1121	46.7	96.0	25	incl 3 Sat

COMMUNITY GRANTS AND SUPPORT PROVIDED

\$18,453 was directly contributed in financial support relating to the Community Grant Scheme. This support is available to groups and sporting clubs wishing to make improvements in their areas of responsibility but just need a little further help to get them over the line.

The Dalwallinu Agricultural Society has been supported once again by the Shire contributing \$4,000 as a direct donation in addition to \$6,472 worth of employees' time and plant usage. Groups such as Liebe, the schools, sporting teams and Community Resource Centres all benefit from the facilities available in the towns, some of which are provided for little or no cost.

Keith Jones

Deputy Chief Executive Officer



Manager Works and Services Report

ROAD CONSTRUCTION

\$2,104,093 was invested in road construction throughout the Shire of which \$2,013,886 was received from "Regional Road Group and Roads to Recovery". \$364,492 of Roads to recovery funding remained unspent and will be carried forward to next financial year's road program.

Projects included during 2016/17 were:

Dalwallinu Kalannie Road
 Kalannie-Kulja Road
 Counsel Road
 Goodlands Road
 Bunketch East Road
 Pithara West Road
 Sanderson Road
 Goatcher Road
 Dinnie Road
 Leahy Street
 Locke Road
 Rabbit Proof Fence Road
 Leeson Road
 Warren Road
 Dalwallinu North Road

ROAD MAINTENANCE

\$2,885,825 was received from WANDRRA (Western Australian Natural Disaster Relief Recovery Arrangements) for flood damage caused to roads in the Shire in 2015. \$2,987,421 was spent on the flood damaged roads to bring them back to the condition they were in prior to the flooding.

\$1,157,638 was spent on road maintenance throughout the Shire as follows:

Road Maintenance	\$293,698
Rural Road Maintenance Grading	\$525,293
Verge Maintenance	\$208,555
Footpath Maintenance	\$8,230
Street Cleaning	\$85,110
Street Trees	\$36,752

PARKS & GARDENS

\$328,106 was spent on the maintenance of the Shire's parks, ovals and reserves.

Richardson Park Revitalisation



\$405,249 was spent on the construction of the nature playground at Richardson Park. \$326,550 was received in grant funding from Lotterywest. The nature playground was opened on 31 May 2017.

Multi Purpose Courts

\$244,230 was spent on the construction of two (2) Multi Purpose Courts at the Dalwallinu Recreation Centre. Funding of \$59,783 was received from Department of Sport and Recreation. A large amount of inkind labour was received from volunteers for this project.





Johnston Street Upgrade

\$54,547 was spent on installing a new Bar-B-Q along with paving in the park.

STAFF CHANGES

Appointments

Will Taylor	Manager Works & Services
Tyran Herron	Works Supervisor
William Timmins	Leading Hand/Grader Operator
Bernadette Harmer	General Hand

Resignations

Laurie Walker	Works Supervisor
Hugh Bryan	General Hand

CONGRATULATIONS



A small ceremony was held on Thursday 29 June 2017 to acknowledge the 45 years of service to the Shire of Dalwallinu from Kevin Ashby. Kevin is a valuable member of the Shire workforce who goes above and beyond serving the community. Well done Kevin!!





Manager Regulation & Development Services Report

Planning Services

The determination of any applications for land use development within the local government area is the responsibility of Council under the Planning and Development Act 2005. The Western Australia Planning Commission has the authority to approve subdivisions. The Minister or the Department of Planning, Lands and Heritage gives consent to any proposal to amend the local planning scheme on the advice of the Western Australia Planning Commission.

Guiding land use and development in the Dalwallinu local government area is the Shire of Dalwallinu Local Planning Scheme No 2 and a number of subsidiary local planning policies.

Policy No 1 Offensive Uses

Policy No 2 Fences Amended

Policy No 3 East Pithara Road

Policy No 4 Stables

Policy No 5 Moveable Buildings

Policy No 6 Aged Accommodation

Policy No 7 Verandas Over Footpaths

Land Use & Development Applications

Type of Activity	2016-2017	2015-2016	2014-2015
Planning Applications	14	8	13
Subdivisions	3	5	0
Scheme Amendments	2	1	0

Building Services

All building works other than exempted works require a building permit to be in force before construction takes place. The Building Act 2011 empowers the local government to issue permits when satisfied that the proposed building work will comply with the National Construction Codes and any requisite provisions relating to State and local planning policy.

Types of Building Applications

Building Permit Applications	2016-2017	2015-2016	2014-2015
Dwelling	9	6	13
Buildings ancillary to dwellings	7	6	12
Commercial	6	4	0
Industrial	0	5	2
Total applications	22	21	27
Monetary value of all applications	\$3,512K	\$3,376K	\$4,230K



Regulatory Services

Council has a legislated responsibility to regulate other prescribed activities, such as companion animals, conduct on public thoroughfares and fire control, under:

Cat Act 2011

Dog Act 1976

Fire and Emergency Services Act 1998

Litter Act 1979

Local Laws:

- *Shire of Dalwallinu Health By-Laws 1996*
- *Dogs Local Law 2014*
- *Local Law Relating to the Management and Control of Dalwallinu Cemetery 1999*
- *Activities on Thoroughfares and Trading in Thoroughfares and Public Places Local Law*
- *Local Law Relating to Fencing 2000*
- *Local Government Local Law 2000*
- *Parking & Parking Facilities Local Law 2000*

The Shire sources ranger services from an external provider under contract. Murray Matthews, who has diligently served the community as a ranger for a number of years, has recently retired. The Shire has engaged WA Contract Ranger Services to maintain the level of regulatory service required. The additional services that the company can provide is micro-chipping and assisting in locating an accommodating home for unwanted companion animals.

Environmental Health

Environmental Health is the branch of public health that is concerned with all aspects of the natural and built environment that may affect human health. Environmental health provides the basis of public health. Improvements in sanitation, drinking water quality, food safety, disease control, and housing conditions have been central to the significant improvement in quality of life and longevity experienced over the last hundred years.

Our interactions with the environment are complex and are not always healthy. Environmental health laws and policies are created to regulate and safeguard our environment. The regulatory mechanisms that are used in Western Australia are:

- ***Health Act 1911***
- ***Public Health Act 2016***
- ***Food Act 2008***
- ***Environmental Protection Act 1986***



Building Maintenance

The Shire owns and maintains a considerable number of buildings throughout the local government area that are required to be maintained to provide functionality and longevity. The department services 36 public and commercial buildings, which include administration offices, meeting spaces, community facilities and industrial units; and 41 dwellings that accommodate staff, the elderly and other members of the general community.

Building Maintenance Work Requests

Type of Building Work Undertaken	Number of Work Requests & the Location				
	Dalwallinu	Kalannie	Pithara	Wubin	Buntine
Residential	50	1	0	0	0
Public	78	6	0	0	1
Other infrastructure	29	1	1	3	0
Total	157	8	1	3	1

Caravan Parks

The Shire of Dalwallinu maintains two caravan parks, located within the townsites of Dalwallinu and Kalannie.

The Dalwallinu Caravan Park is a managed facility that can cater for 46 caravans on a temporary or permanent basis and provide suitable space for a lesser complement of campers. The Park was overbooked for the high season coinciding with the large numbers of travellers coming to the area to observe the prolific expanse of wildflowers seen that year.

Major works maintenance works were undertaken during the year to improve drainage and sillage and visitor amenity. Old fittings and fixtures have also been replaced to give an uplift to the facility and generally improve safety for visitors and the general aesthetics of the Park.

Caravan parks are regulated under the Caravan Parks and Camping Grounds Act 1995. The objects of this Act are —

- ✓ to provide for the licensing of caravan parks and camping grounds; and
- ✓ to regulate caravanning and camping; and
- ✓ to improve and promote caravanning and camping; and
- ✓ to ensure that the design and layout of land used for caravan parks and camping grounds and the provision and availability of amenities and services meet desirable standards; and
- ✓ to ensure that the standards of caravans and annexes in caravan parks are adequate to protect the health and safety of the occupiers.



Aquatic Centre

This facility provides access to an aquatic environment for members of the local community and visitors. The facility comprises two swimming pools offering immersive opportunities to patrons of all ages and swimming abilities.

As a public swimming pool complex the aquatic centre is regulated under the *Code of Practice for the Design, Construction, Operation, Management & Maintenance of Aquatic Facilities*.

Maintaining water quality is a fundamental role in operating an aquatic facility. The water is tested on a regular basis to ensure that the water is properly disinfected at all times, to prevent transmission of infectious diseases and achieve the maximum patron comfort. The facility has passed all microbiological and chemical testing requirements.

State grant funding under the Community Pools Revitalisation Program was used to finance the replacement of the soft-fall surrounding the main pool and the relining and re-plumbing of the filtration system for the 'toddlers pool'.



New soft-fall surrounding the main pool



Medical Officer Report

This 2016/17 financial year continued to be challenging from an administrative point of view. The appointment of a new Shire CEO, Jean Sutherland, helped to facilitate better communication and cooperation between Shire and Medical Practice again.

Medical

The Medical Practice continue to operate under AGPAL National Accreditation guidelines, delivering health care to the local community according to best practice standards.

Shire

The Shire Council remain concerned about the financial loss incurred by the Medical Practice. In the second half of the financial year, the Dalwallinu Shire consulted with Rural Health West and the decision was made to review the billing practices at the Medical Practice. The Shire Council decided to change the billing structure from a bulk-billing practice to a private billing practice. This is a major change in health provision to the Dalwallinu community.

The proposal as presented was not supported by Dr Smit. The main concern raised by Dr Smit was that it would cause inequality in health access, with the financial disadvantaged being denied preventative health care with detrimental health outcomes. The Shire Council decided to go ahead and trial this change in the billing structure of the Medical Practice from the start of the 2017 /18 financial year.

Staff

The Medical Practice is fortunate to still have the services of a GP Registrar, visiting from Moora, one day per week, during this financial year. This service is invaluable and helps to increase the service delivery to patients with reduced waiting times to see a medical practitioner.

The services of our Practice Nurse, Gail Smit, remains in high demand. It forms an important part of the service delivery of the Medical Practice. The services of the Practice Nurse generates additional income for the Practice, and allows the Medical Practice doctors to focus their time on more complex matters.

Dr "Ellie", the visiting female doctor, continued to visit the practice on a monthly basis to attend to woman's health issues. This is a service provided by Rural Health West and administered by the Royal Flying Doctor service.

Our visiting psychologist from Perth (fortnightly) and a diabetic educator from Northam (every 2 months) continued their visits.

The Medical Practice was fortunate to secure the locum service of Dr Andrew Trappitt during Dr Smit's annual leave. The Medical Practice wish Dr. Trappitt well in his retirement at the end of the 2016/17 financial year. His retirement could mean increased difficulty in securing future locum cover for the local doctor.

The Practice Manager and reception staff form an important part of delivering a professional, friendly and efficient service to all patients accessing the practice. Their contribution is recognised and valued by the doctors and community alike.

Conclusion

The doctor(s) and staff at the Medical Practice would like to thank the Dalwallinu Shire CEO and staff for their support. The Dalwallinu Medical Practice will endeavour to provide equitable health access to every, person in the community and will continue to cater to the community's medical needs to a national standard.

Dr Hendrik Smit
MB ChB FRACGP
SPECIALIST GENERAL PRACTITIONER



Chief Bush Fire Control Officer Report

There were 18 reported fires last year 01/07/2016 to 30/06/2017.

There were 2 fires at the Kalannie rubbish tip and one (1) at the Dalwallinu tip which continue to be a difficult and unnecessary waste of local resources to control.

The brigades attended one (1) header fire which completely destroyed the machine.

Brigades attended two (2) fires which were the result of controlled burns getting out of control.

There were 12 fires attended which were the result of lightning strikes ranging from minor sized fires that were over in minutes to others that required up to 30 volunteers 4 to 5 hours of time including monitoring the following day for flair ups.

We are currently waiting for delivery of new 4000 litre 4WD crew cab rural appliances to be

delivered to Dalwallinu and Buntine brigades.

Once again I thank our volunteers for their time crewing our brigade appliances as well as the farmer units which are often first on the scene of a fire and prevent the small fires becoming major incidents.

I remind you all that calling 000 is the best way to mobilise resources to a fire with accurate information on the location, what type of fire and local conditions giving first responders information to prepare the appropriate response.

Also letting the shire know about any updates on the fire, contact numbers and whether there is any phone coverage in the location of the fire is a great help to brigades

All this helps us to better respond to the incident.

Mr Gary Butcher

CBFCO

Fire at Goodland's in November 2016



Mopping up a fire at Petrudor Rocks





Freedom of Information

Section 96 of the *Freedom of Information Act* requires local governments to publish an Information Statement.

In summary, the Shire of Dalwallinu's statement indicates that the Shire of Dalwallinu is responsible for the good governance of the Shire, and carries out functions as required, including statutory compliance and provision of services and facilities.

All Council meetings are open to the public, and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time, shortly after the commencement of each meeting.

The Shire of Dalwallinu maintains records relating to the function and administration of the Shire, each property within the Shire, and includes such documents as the Minutes of Meetings, Rate Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegations, Financial Statements and Electoral Rolls. These documents can be inspected free of charge at the Shire Administration Centre, 58 Johnston Street, Dalwallinu, during office hours.

One (1) Freedom of Information request was received in 2016/17.

Employee Remuneration over \$100,000

Set out below, in bands of \$10,000 is the number of shire employees entitled to an annual salary of \$100,000 or more.

Salary Range \$	2017	2016
100,001 – 110,000	1	1
110,001 – 120,000	1	1
150,001 – 160,000	1	
160,001 – 170,000		1
* 381,001 – 390,000		1
* 410,001 – 420,000	1	

*note: these figures relate to the employment of a Doctor.

Register of Minor Complaints

Section 5.121 of the *Local Government Act 1995 (Register of Certain Complaints of Minor Breaches)* requires the Complaints Officer for each local government to maintain a Register of Complaints which records all complaints that result in action under Section 5.110(6) (b) or (c) of the *Act (Conduct of Certain Officials)*.

Section 5.53 (2) (hb) of the *Local Government Act 1995* requires disclosure in the Annual Report of details of entries made under Section 5.121 during the financial year in the Register of Complaints, including:

The number of complaints recorded in the register of complaints;

How the recorded complaint was dealt with; and

Any other details that the Regulations may require.

In accordance with these requirements, it is advised that no complaints or minor breaches under the *Local Government Act 1995* were received during 2016/17.



2016/17 Objectives & Achievements

The Council, in its 2016/17 Annual Budget, proposed to undertake and achieve the following:

Activity	Planned Works	Completion Date	Comments
Bell Street Subdivision	Development of 9 residential lots	N/A	Awaiting on land to be released for purchase from Department of Lands
Renewal, Upgrade on Buildings	Various capital improvements on Council buildings	June 2017	Completed
Innovation Central Midlands Inc	Funding for construction projects	N/A	Funds not required in this financial year
Industrial Factory Units	Construction of three (3) factory units	November 2016	Project completed and one unit leased
Dalwallinu Sports Club Equipment Shed	Construction of new shed	May 2017	Completed
DDC Enclosures	Completion of enclosures	September 2016	Completed
Housing construction	Completion of housing construction x 2, in conjunction with Shire of Wongan Ballidu (CLGF)	June 2017	Completed
Revitalisation of Richardson Park	New nature playground	May 2017	Completed
Multi Purpose Courts	Construction of two (2) multi purpose courts at the Recreation Centre	March 2017	Completed
Kalannie Airstrip	Re-sheet airstrip	June 2017	Completed
Fencing around Depot Compound	New fencing around Depot	April 2017	Completed
Fencing of Reserve in Kalannie	Supply and installation of fencing	March 2017	Completed
Parking Area (Basketball Courts)	Construction of new parking area	N/A	Project delayed to align with Recreation Centre project
Main Street Upgrade	Installation of BBQ, seating and paving in park on Johnston Street	January 2017	Completed
Swimming Pool upgrade	Replace liner in toddler pool and softfall around large pool	June 2017	Completed
Road Construction	Ongoing upgrade and renewal works across the Shire	June 2017	Completed
Plant Replacement	Ongoing replacement of Plant as per Council's Plant Replacement Schedule	June 2017	Completed
Computer Equipment	Ongoing replacement of computer equipment	June 2017	Completed
Medical Centre Equipment	Ongoing replacement of medical equipment	June 2017	Completed



Strategic Community Plan Scorecard

Goal 1 – Community (Social)			
Outcome 1.1: Enhanced and expanded medical and other appropriate health services			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
1.1.1 Advocate for additional medical services e.g Dental, physio	Nil	No	No advocacy undertaken in 16/17
1.1.2 Utilise locum services more regularly	An allocation was made in the budget for a visiting GP to attend the medical centre	Yes	A GP from Moora attended the medical centre one day per week
1.1.3 Upgrade and expand Medical Centre	Nil	No	No upgrades or expansion undertaken as was not required
1.1.4 Develop and promote a Community health Programme	An allocation was made in the budget for the employment of the practice nurse	Yes	Practice nurse employed at the medical centre for 25 hours per week
Outcome 1.2: Enhanced quality of public amenities and all Shire facilities			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
1.2.1 Improve the cleaning services of public amenities and all Shire facilities	Increased the allocation in the budget for additional cleaning hours	Yes	Additional cleaning of public facilities undertaken by cleaners
1.2.2 Improve lighting in public areas	Allocation made in the Richardson Park upgrade for new lighting	Yes	New lighting has enabled the community to meet in areas with improved lighting
1.2.3 Encourage greater usage of facilities	Nil	No	No progress on this outcome
Outcome 1.3: Improved technology and electronic communication			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
1.3.1 Lobby State and Federal department to improve mobile phone coverage	Contact regularly made with Telstra	Yes & No	Lobbying undertaken with no improvement to mobile phone coverage
1.3.2 Lobby for better access to digital television	Nil	No	No longer relevant due to satellite television
1.3.3 Lobby for better access to National Broadband Network	Nil	No	No lobbying undertaken



Strategic Community Plan 2013/23 – Score Card 2016/17

Goal 1 – Community (Social)			
Outcome 1.3: Improved technology and electronic communication			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
1.3.4 Support provision of public services such as Community Resource Centres	Provision of building at nil rental	Yes	New lease with Dalwallinu CRC signed and expires 30 November 2028
Outcome 1.4: Improved youth activities and services			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
1.4.1 Facilitate recreational activities over school holidays	Nil	No	Not undertaken in 2016-17. New Community Officer to commence in 2018
1.4.2 Improve ambience and management of Recreation Centre	Upgrade to the Recreation Centre well progressed to design documentation stage Significant amount of resources have been expended on developing plans for the upgrade. Grant application to fund a portion of the upgrade was unsuccessful	Yes	Design complete, funding not successful therefore awaiting Council decision on the way forward
1.4.3 Promote youth sporting activities (Kidsport)	Nil	No	Kidsport undertaken by neighbouring LG's.
Outcome 1.5: Protected heritage areas and buildings			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
1.5.1 Provide structural engineering reports on public buildings of potential significance	Nil	No	Not considered a high priority
1.5.2 Maintain a municipal heritage register	Municipal Register maintained	Yes	Ongoing
1.5.3 Investigate funding options for heritage listed assets	Nil	No	Not considered a high priority
Outcome 1.6: Enhanced community meeting areas in each town			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
1.6.1 Provide appropriate shade structures or trees in meeting places	Nil	No	Awaiting development of Townscape Improvement Plans
1.6.2 Provide appropriate seating in meeting places	Provision of additional seating in park in Johnston Street	Yes	Seating in addition to a BBQ
1.6.3 Redevelop townsites main streets	Planting of colour in the main street	Yes	To be further enhanced in the Townscape Improvement Plans



Strategic Community Plan 2013/23 – Score Card 2016/17

Outcome 1.7: Improved and enhanced playground areas			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
1.7.1 Provide appropriate shade structures in playgrounds	Revitalisation of Richardson Park	Yes	Upgrade of Richardson Park incorporated new shade structures
1.7.2 Investigate funding options to upgrade playground equipment	Revitalisation of Richardson Park	Yes	Upgrade of Richardson Park with new playground equipment which is well utilised
1.7.3 Investigate option for adventure style playground	Revitalisation of Richardson Park	Yes	Upgrade of Richardson Park with new nature playground equipment which is well utilised
Goal 2 – Sustainable Living (Economic)			
Outcome 2.1: A growing Shire population			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
2.1.1 Improve and build additional accommodation for single workers and families	Nil	No	Constructed eleven (11) houses in 3 years prior to 16-17. No additional housing undertaken in 16-17
2.1.2 Advocate for more community facilities to wattract people to the Shire	Nil	No	No progress on this outcome
2.1.3 Advocate for additional funding to implement the Rural Repopulation Plan	Nil	No	No progress on this outcome
2.1.4 Set population growth target	Nil	No	No population target set
2.1.5 Advocate/promote fiscal policies that alleviate decentralised development and population growth	Nil	No	No progress on this outcome
Outcome 2.2: Additional business development in the commercial and industrial sectors			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
2.2.1 Advocate for additional commercial businesses to set up in towns	Facilitated a Business Attraction Workshop	Yes	Business Attraction Package to be finalised by December 2017
2.2.2 Investigate building light industry workshops for small business to rent	Three factory units constructed in the light industrial area.	Yes	One unit leased and the other two remain available for lease



Strategic Community Plan 2013/23 – Score Card 2016/17

Goal 2 – Sustainable Living (Economic)			
Outcome 2.2: Additional business development in the commercial and industrial sectors			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
2.2.3 Advocate for additional land to be developed	Liaised with Landcorp expressing demand for additional land Stage two plans have been designed.	Yes	Awaiting RDAP funding and sale of final two lots on Stage 1
2.2.4 Promote local employment opportunities through website	Nil	No	No progress on this outcome
2.2.5 Liaise with transport firms to maximise opportunities in the Shire	Nil	No	No progress on this outcome
2.2.6 Investigate options to develop old telecentre site	Liaised with a business who are interested in purchasing this block	No	Interest has been shown from a local business. No offer received
2.2.7 Develop and promote strategy for the business development in Shire towns	Facilitated a Business Attraction Workshop	Yes	Business Attraction Package to be finalised by December 2017
Outcome 2.3: Promoted tourism and associated business in the area			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
2.3.1 Rotate the DDC educational displays 4 times per year to ensure greater interest in visiting the centre	Some displays were refreshed and new displays added	Yes	There is a lack of availability of new display options
2.3.2 Expand appropriate signage along Great Northern Highway	Highway Signage project New signage has been included along the Highway	Yes	New lease agreements have been completed for existing and new signage
Goal 2 – Sustainable Living (Economic)			
Outcome 2.3: Promoted tourism and associated business in the area			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
2.3.3 Utilise website to maximise promotion of the Shire	Website has been maintained. Analytics show positive interaction	Yes	Website to be updated in 2017-18
2.3.4 Maintain partnerships with tourism groups	Tourism group meetings are attended and partnerships maintained	Yes	Continued to liaise with all tourism groups throughout the year



Strategic Community Plan 2013/23 – Score Card 2016/17

Outcome 2.4: Increased housing development			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
2.4.1 Advocate for additional land to develop housing	Liaised with Landcorp for release of Stage 2 of Strickland Drive subdivision	Yes	8 lots developed and released for sale by Landcorp
2.4.2 Improve and build additional accommodation for aged persons	Joint venture with Shire of Moora and Wongan Ballidu for provision of 26 Independent Living Units through a Royalties for Regions grant application Grant announced as successful in December 2016. Change of Government in 2017 and funds were withdrawn for the project	No	Investigate options to improve and build aged persons accommodation in the future on a smaller scale
2.4.3 Investigate borrowing funds which can be paid back by rental receipts from properties built	Nil	No	No progress on this outcome
2.4.4 Advocate for existing UCL to be released for development	Negotiated with Department of Lands to subdivide a portion of the reserve on Bell Street for future subdivision Land offered for sale for \$45,000	Yes	Proposal is to subdivide the lot into 9 residential lots
2.4.5 Encourage a variety of housing types are available	Nil	No	No progress on this outcome
Goal 2 – Sustainable Living (Economic)			
Outcome 2.5: Improved drainage of stormwater in towns			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
2.5.1 Advocate for culvert size increase across Great Northern Highway (Wubin)	Lobbied Main Roads WA	Yes	Lobbying to continue
2.5.2 Instigate improved maintenance of current drainage system	Nil	No	Planned for 2017/18
2.5.3 Increase capture and utilisation of storm water	Nil	No	No progress on this outcome



Strategic Community Plan 2013/23 – Score Card 2016/17

Outcome 2.6: Improved road network			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
2.6.1 Ensure Restricted Access Vehicle (RAV) Network is fit for the purpose to service agricultural transport needs	Nil	No	No progress on this outcome
2.6.2 Continue programmed road maintenance and reconstruction to meet asset renewal standards	Planned roadworks completed	yes	Ongoing road maintenance and construction planned
Outcome 2.7: Improved productivity and profitability of agriculture			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
2.7.1 Maintain the relationship with local R&D groups such as the Liebe Group	Provision of office space on a lease bases, plus a donation	Yes	Continued with support of the Liebe Group
2.7.2 Facilitate vermin and weed control activities where the need arises	Undertook verge spraying	Yes	Nil
Goal 3 - Environment			
Outcome 3.1 Reduced feral animal population in the Shire			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
3.1.1 Work with local farmers to set up processes to bait for feral animals	Nil	No	No progress
3.1.2 Lobby for additional state funding to provide doggers	Successful with the formation of the Central Wheatbelt Biosecurity Association. Provision of administrative support	Yes	Nil
3.1.3 Provide administrative support for Central Wheatbelt Declared Species	Nil	Yes	Group no longer in existence
3.1.4 Employ additional resources in community programs	Nil	No	No progress on this outcome
Outcome 3.2 Reduced litter and improved ambience of streetscapes			
3.2.1 Expand litter maintenance works in the town sites	Provision of new street bins in Dalwallinu town site	Yes	Additional bins to be replaced as required
3.2.2 Encourage volunteer programs to assist with litter control	Nil	No	No progress on this outcome
3.2.3 Provide appropriate awards and prizes for excellence in tidy street	Nil	No	No progress



Strategic Community Plan 2013/23 – Score Card 2016/17

Goal 3 - Environment			
Outcome 3.3 Improved weed control in the Shire			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
3.3.1 Evaluate heavy plant utilisation	Nil	No	No progress on this outcome
3.3.2 Expand weed management works in the town sites	Increased verge spraying on townsites	Yes	Nil
3.3.3 Encourage control of weeds on private/ government property	Nil	No	Nil
Outcome 3.4 Enhanced rehabilitation of reserves			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
3.4.1 Expand gravel pit rehabilitation program	Nil	No	No progress on this outcome
3.4.2 Investigate partnerships for managing vested reserves	Nil	No	No progress on this outcome
Outcome 3.5 Expanded recycling services			
3.5.1 Maximise waste oil recycling	Oil recycled at the depot	Yes	Nil
3.5.2 Promote greater use of DrumMuster	Annual collection day in Dalwallinu and Kalannie	Yes	Continue to hold collection days annually
Goal 4 – Civic Leadership (Governance)			
Outcome 4.1 Improved communication/consultation across all towns with a variety of methods			
Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
4.1.1 Engage the community in decision making and a shared responsibility to achieve our goals	Continued to liaise with the community Communication Plan and Community Engagement Plan adopted by Council	Yes	Continue to use the plans to engage the community
4.1.2 Review the Strategic Community Plan regularly through community engagement to ensure it represents the community's interests	Undertook consultation with the community in May 2017 SCP reviewed and updated	Yes	Reviewed SCP ready for adoption in September 2017



Strategic Community Plan 2013/23 – Score Card 2016/17

Outcome 4.2 Improved flexibility in and provision of customer service			
4.2.1 Review opening hours for administration office	Opening Hours reviewed	Yes	Changes made to cashier hours from 4pm to 4.30pm
4.2.2 Promote the alternative for payment options	Nil	No	No progress on this outcome
4.2.3 Review staff work ethics and promote best practice customer service	Developed and adopted Customer Service Charter	Yes	All staff were given the opportunity to provide input into the Customer Service Charter
4.2.4 Monitor and develop response time to customer issues	Developed and adopted Customer Service Charter	Yes	All staff aware of customer response times

Goal 4 – Civic Leadership (Governance)

Outcome 4.3 Improved emergency planning and response

Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
4.3.1 Improve the coordination of emergency planning via the Local Emergency Management Committee	Quarterly meetings held	Yes	Nil
4.3.2 Encourage volunteers to work with emergency service providers	Nil	No	No progress on this outcome
4.3.3 Advocate support for local emergency services	Council supports emergency services as and when required	Yes	Nil
4.3.4 Maintain and enhance support for Bush Fire Brigades and volunteers	The Shire administers the ESL for the bush fire brigades	Yes	Nil

Outcome 4.4 Strategic alliances to best serve Dalwallinu

Outcomes	Shire Activity/Action	Did we meet the outcome	Comment
4.4.1 Develop regional projects with adjoining shires	Dalwallinu is part of Innovation Central Midland Inc with the Shires of Moora and Wongan Ballidu to deliver regional projects	Yes	The partnership will continue into the future
4.4.2 Provide services to other Shires e.g conference facilities	Nil	No	No progress on this outcome
4.4.3 Promote advantages of decentralised governance	Nil	No	No progress on this outcome
4.4.4 Instigate best practice local governance	Nil	No	No progress on this outcome



Competition Policy

Competition Reform

National Competition Policy (NCP) is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic resources. There are a number of specific requirements placed on Local Government in the areas of competitive neutrality, legislation review and structural reform.

Each Local Government is required to report its progress in achieving NCP reforms in its annual report.

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership.

Competitive neutrality should apply to all business activities, which generate a user-pays income of over \$200,000, unless it can be shown it is not in the public interest.

A public benefit test is used to determine if competitive neutrality is in the public interest.

This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

Annual Reports must show that a public benefit test has been conducted for all significant business activities. They should also provide information on how a decision was reached to implement or not implement competitive neutrality in each case.

If competitive neutrality has been found to be in the public interest, the Annual Report must show the schedule for implementing it over the coming year.

As the Shire of Dalwallinu does not have any 'Significant Business Activities' with an annual user-pays income exceeding \$200,000 pa this negates further action or reporting obligation.

LEGISLATION REVIEW

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

There are specific reporting requirements which must be included in the Annual Report, including:

A statement of which local laws have been reviewed, the conclusions of those reviews, and an implementation schedule for any resultant recommendations;

In 2000, Council reviewed all Local Laws. A further review of Local Laws was undertaken in 2014-15.

A forward strategy for Local Health Laws is still to be reviewed, however until the Health Act and Regulations are reviewed, no action can be taken for those local laws.

The Shire of Dalwallinu received advice as to NCP compliance, however will await the review of the Health Act.

A statement indicating that the Clause 7 legislation review principles have been complied with. (The Clause 7 statement is the agreement reached between the Western Australian Local Government Association and the State Government on application of NCP.)

Review of the Operating Procedures and Local Laws for the Shire of Dalwallinu confirm legislative requirements have been complied with, as required.



STRUCTURAL REFORM

Before Local Governments privatise a monopoly business activity or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

Where applicable, all Local Governments in Australia must report their adherence to structural reform principles. At present, this requirement has a very limited impact on Local Government in Western Australia, and most will not need to provide this information.

Disability Access and Inclusion

Shire of Dalwallinu is committed to facilitate the inclusion of people with disability through the improvement of access to its information, services, events and facilities.

In working towards this goal Shire of Dalwallinu has worked progressively towards achieving the desired results in the key outcomes, our success includes:

- » DAIP available on our website;
- » Confirmed our facilities meet the standard required;
- » Improved Shire of Dalwallinu staff understanding of how to assist the public to obtain information in other formats; and
- » Ongoing community consultation with key stakeholders to guide access and inclusion improvements.





Recordkeeping Plan Report

Consistent with the provisions of the *State Records Act 2000*, the Shire of Dalwallinu has, at 14 September 2004, adopted an Approved 'Recordkeeping Plan' and satisfied the compliance requirements of the Act, and has provided sufficient and appropriate training for the staff in this responsibility having had the Chief Executive Officer approve the Operational Procedures Manual for this training. This plan was reviewed in November 2007 and again in 2014/15.

PURPOSES

The purpose of this Recordkeeping Plan (RKP) is to set out the minimum requirements as to which records are to be created by the Shire of Dalwallinu and how it is to keep its records. Recordkeeping Plans are to provide an accurate reflection of the recordkeeping program within the organisation, including information regarding the organisation's recordkeeping system(s), disposal arrangements, policies, practices and processes. The RKP is the primary means of providing evidence of compliance with the Act.

OBJECTIVES

The objectives of the Shire of Dalwallinu Recordkeeping Plan are to ensure:

- » Compliance with Section 19 of the State Records Act 2000;
- » Recordkeeping within the Local Government is moving towards compliance with State Records Commission Standards and Records Management Standard AS ISO 15489;
- » Processes are in place to facilitate the complete and accurate record of business transactions and decisions;
- » Recorded information can be retrieved quickly, accurately and cheaply when required; and
- » Protection and preservation of the Local Government's records.

PERFORMANCE INDICATORS

Under Section 6.2 of the Shire of Dalwallinu's Recordkeeping Plan, Performance Indicators, as listed below, were tested successfully with less than 10% error rate being recorded:

- » An annual test to retrieve documentation with a random choice;
- » Selection of twenty items with an error rate less than 10% being acceptable.

State records commission standard 2: Principal 6

RECORD KEEPING TRAINING PROGRAM

This Shire has employed a full time Records Officer since 2005 who has been trained to be proficient in all aspects of Records Keeping in relation to the software Council has in place Synergy Soft. The Records Officer also provides training to other staff in relation to the requirements of the Records Keeping Plan.

REVIEW OF THE EFFICIENCY AND EFFECTIVENESS OF THE RECORD KEEPING TRAINING PROGRAM.

A briefing session for all staff on the requirements of the RKP and their responsibilities was conducted in 2004. As a consequence of this process the need for an electronic recording system was identified, the system "Synergy Soft Records" was introduced in September 2005 and the annual test carried out in December 2010 has shown the System to be very successful.

The Shire of Dalwallinu's induction program addresses employees' roles and responsibilities in regard to their compliance with the Record Keeping Plan (RKP).

Each new employee is presented with a comprehensive Induction Manual which includes the requirements of the RKP. The Records Officer also provides – brief overview of the practical application of the plan.



2016/17 Annual Financial Report



Petrudor Rocks

SHIRE OF DALWALLINU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
58 Johnston Street
DALWALLINU WA 6609

**SHIRE OF DALWALLINU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 11 day of OCTOBER 2017



Jean Sutherland
Chief Executive Officer

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	22	3,041,331	3,037,260	2,948,791
Operating grants, subsidies and contributions	29	5,000,065	8,419,668	2,066,631
Fees and charges	28	1,778,638	1,569,365	1,602,470
Interest earnings	2(a)	152,653	160,565	175,256
Other revenue	2(a)	93	2,100	318
		<u>9,972,780</u>	<u>13,188,958</u>	<u>6,793,466</u>
Expenses				
Employee costs		(3,141,256)	(3,136,190)	(2,912,783)
Materials and contracts		(1,700,421)	(7,592,941)	(5,990,451)
Utility charges		(435,400)	(410,445)	(405,345)
Depreciation on non-current assets	2(a)	(5,005,686)	(6,220,619)	(4,908,353)
Interest expenses	2(a)	(74,173)	(67,635)	(72,857)
Insurance expenses		(152,368)	(138,485)	(152,647)
Other expenditure		(121,749)	(124,218)	(190,749)
		<u>(10,631,053)</u>	<u>(17,690,533)</u>	<u>(14,633,185)</u>
		<u>(658,273)</u>	<u>(4,501,575)</u>	<u>(7,839,719)</u>
Non-operating grants, subsidies and contributions	29	5,695,736	2,432,219	5,283,286
Profit on asset disposals	20	2,191	71,032	27,818
(Loss) on asset disposals	20	(87,067)	(101,461)	(55,307)
Reversal of prior year loss on revaluation of plant and equipment	6(b)	0	0	259,489
Reversal of prior year loss on revaluation of Infrastructure - Footpaths	7(b)	0	0	194,023
Net result		4,952,587	(2,099,785)	(2,130,410)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(5,329,504)	0	19,326,099
Total other comprehensive income		(5,329,504)	0	19,326,099
Total comprehensive income		<u>(376,917)</u>	<u>(2,099,785)</u>	<u>17,195,689</u>

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

SHIRE OF DALWALLINU
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		319	459	14,923
General purpose funding		7,172,243	5,776,185	4,427,979
Law, order, public safety		31,681	31,050	42,225
Health		555,400	517,865	502,651
Education and welfare		3,493	284	753
Housing		300,086	293,569	194,926
Community amenities		526,745	470,804	473,418
Recreation and culture		206,758	143,859	147,878
Transport		303,420	5,667,003	274,631
Economic services		714,147	247,850	534,222
Other property and services		158,488	40,030	179,860
		<u>9,972,780</u>	<u>13,188,958</u>	<u>6,793,466</u>
Expenses	2(a)			
Governance		(743,449)	(867,964)	(540,174)
General purpose funding		(206,347)	(183,657)	(250,318)
Law, order, public safety		(143,147)	(140,803)	(92,208)
Health		(921,445)	(953,273)	(877,124)
Education and welfare		(12,929)	(28,158)	(10,571)
Housing		(289,390)	(286,228)	(156,110)
Community amenities		(560,924)	(635,110)	(577,652)
Recreation and culture		(1,559,195)	(1,341,435)	(1,301,698)
Transport		(5,214,938)	(12,224,233)	(8,812,032)
Economic services		(958,933)	(952,350)	(1,832,672)
Other property and services		53,818	(9,688)	(109,769)
		<u>(10,556,879)</u>	<u>(17,622,899)</u>	<u>(14,560,328)</u>
Finance costs	2(a)			
Community amenities		(15,270)	(15,815)	(16,426)
Recreation and culture		(50,233)	(43,606)	(46,367)
Transport		0	0	(10,064)
Other property and services		(8,670)	(8,214)	0
		<u>(74,173)</u>	<u>(67,635)</u>	<u>(72,857)</u>
		<u>(658,272)</u>	<u>(4,501,576)</u>	<u>(7,839,719)</u>
Non-operating grants, subsidies and contributions	29	5,695,736	2,432,220	5,283,286
Profit on disposal of assets	20	2,191	71,032	27,818
(Loss) on disposal of assets	20	(87,067)	(101,461)	(55,307)
Reversal of prior year loss on revaluation of plant and equipment	6(b)	0	0	259,489
Reversal of prior year loss on revaluation of Infrastructure - Footpaths	7(b)	0	0	194,023
Net result		<u>4,952,587</u>	<u>(2,099,785)</u>	<u>(2,130,410)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(5,329,504)	0	19,326,099
Total other comprehensive income		<u>(5,329,504)</u>	<u>0</u>	<u>19,326,099</u>
Total comprehensive income		<u><u>(376,917)</u></u>	<u><u>(2,099,785)</u></u>	<u><u>17,195,689</u></u>

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

SHIRE OF DALWALLINU
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,376,316	4,620,661
Trade and other receivables	4	1,896,785	1,621,442
Inventories	5	4,374	11,459
TOTAL CURRENT ASSETS		8,277,475	6,253,562
NON-CURRENT ASSETS			
Other receivables	4	18,838	17,457
Property, plant and equipment	6	33,106,138	34,891,471
Infrastructure	7	268,469,440	269,342,933
TOTAL NON-CURRENT ASSETS		301,594,416	304,251,861
TOTAL ASSETS		309,871,891	310,505,423
CURRENT LIABILITIES			
Trade and other payables	8	758,273	895,629
Current portion of long term borrowings	9	110,206	104,003
Provisions	10	524,236	493,678
TOTAL CURRENT LIABILITIES		1,392,715	1,493,310
NON-CURRENT LIABILITIES			
Long term borrowings	9	876,647	986,992
Provisions	10	54,892	100,568
TOTAL NON-CURRENT LIABILITIES		931,539	1,087,560
TOTAL LIABILITIES		2,324,254	2,580,870
NET ASSETS		307,547,637	307,924,553
EQUITY			
Retained surplus		43,305,117	39,326,602
Reserves - cash backed	11	4,171,652	3,197,580
Revaluation surplus	12	260,070,867	265,400,371
TOTAL EQUITY		307,547,637	307,924,553

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

SHIRE OF DALWALLINU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		41,859,359	2,795,233	246,074,272	290,728,864
Comprehensive income					
Net result		(2,130,410)	0	0	(2,130,410)
Changes on revaluation of assets	12	0	0	19,326,099	19,326,099
Total comprehensive income		(2,130,410)	0	19,326,099	17,195,689
Transfers from/(to) reserves		(402,347)	402,347	0	0
Balance as at 30 June 2016		39,326,602	3,197,580	265,400,371	307,924,553
Comprehensive income					
Net result		4,952,587	0	0	4,952,587
Changes on revaluation of assets	12	0	0	(5,329,504)	(5,329,504)
Total comprehensive income		4,952,587	0	(5,329,504)	(376,917)
Transfers from/(to) reserves		(974,072)	974,072	0	0
Balance as at 30 June 2017		43,305,117	4,171,652	260,070,867	307,547,636

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

SHIRE OF DALWALLINU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,005,506	3,037,260	2,978,285
Operating grants, subsidies and contributions		4,669,733	9,619,668	909,588
Fees and charges		1,778,637	1,569,365	1,602,470
Interest earnings		152,652	160,565	175,256
Goods and services tax		0	87,288	0
Other revenue		93	2,100	318
		<u>9,606,621</u>	<u>14,476,246</u>	<u>5,665,917</u>
Payments				
Employee costs		(3,201,243)	(3,154,572)	(2,954,716)
Materials and contracts		(1,786,996)	(7,547,363)	(5,566,779)
Utility charges		(435,400)	(410,445)	(405,345)
Interest expenses		(72,999)	(67,635)	(76,639)
Insurance expenses		(152,368)	(138,485)	(152,647)
Goods and services tax		87,287	0	(87,287)
Other expenditure		(121,749)	(124,218)	(190,749)
		<u>(5,683,468)</u>	<u>(11,442,718)</u>	<u>(9,434,162)</u>
Net cash provided by (used in) operating activities	13(b)	<u>3,923,153</u>	<u>3,033,528</u>	<u>(3,768,245)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,977,495)	(3,503,967)	(1,881,338)
Payments for construction of infrastructure		(6,184,024)	(3,278,814)	(2,674,066)
Non-operating grants, subsidies and contributions		5,695,736	2,432,219	5,283,286
Proceeds from sale of fixed assets		400,281	383,891	178,030
Net cash provided by (used in) investment activities		<u>(2,065,502)</u>	<u>(3,966,671)</u>	<u>905,912</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(104,142)	(104,003)	(108,167)
Proceeds from self supporting loans		2,146	0	12,990
Proceeds from new debentures		0	1,300,000	0
Net cash provided by (used in) financing activities		<u>(101,996)</u>	<u>1,195,997</u>	<u>(95,177)</u>
Net increase (decrease) in cash held		1,755,655	262,854	(2,957,510)
Cash at beginning of year		4,620,661	4,620,712	7,578,171
Cash and cash equivalents at the end of the year	13(a)	<u><u>6,376,316</u></u>	<u><u>4,883,566</u></u>	<u><u>4,620,661</u></u>

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

SHIRE OF DALWALLINU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		<u>1,873,908</u>	<u>1,933,210</u>	<u>4,370,895</u>
		1,873,908	1,933,210	4,370,895
Revenue from operating activities (excluding rates)				
Governance		319	459	14,923
General purpose funding		4,130,912	2,738,925	1479188
Law, order, public safety		31,681	31,050	42,225
Health		555,400	517,865	509,469
Education and welfare		3,493	284	753
Housing		300,086	293,569	194,926
Community amenities		526,745	470,804	473,418
Recreation and culture		206,758	143,859	147,878
Transport		305,611	5,738,035	295,631
Economic services		714,147	247,850	534,222
Other property and services		158,488	40,030	179,860
		<u>6,933,640</u>	<u>10,222,730</u>	<u>3,872,493</u>
Expenditure from operating activities				
Governance		(743,449)	(867,964)	(540,174)
General purpose funding		(206,347)	(183,657)	(250,318)
Law, order, public safety		(143,147)	(140,803)	(92,208)
Health		(921,445)	(953,273)	(877,124)
Education and welfare		(12,929)	(28,158)	(10,571)
Housing		(294,408)	(286,228)	(179,400)
Community amenities		(576,194)	(650,925)	(595,458)
Recreation and culture		(1,610,153)	(1,385,041)	(1,359,645)
Transport		(5,273,635)	(12,306,380)	(8,822,096)
Economic services		(958,933)	(952,350)	(1,848,264)
Other property and services		22,521	(37,216)	(113,234)
		<u>(10,718,119)</u>	<u>(17,791,995)</u>	<u>(14,688,492)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	20	(2,191)	(71,032)	(27,818)
Loss on disposal of assets	20	87,067	101,461	55,307
Movement in deferred pensioner rates (non-current)		(3,593)	0	(4,401)
Movement in employee benefit provisions (non-current)		(45,676)	0	30,392
Depreciation and amortisation on assets	2(a)	5,005,686	6,220,619	4,908,353
Amount attributable to operating activities		<u>3,130,722</u>	<u>614,993</u>	<u>(1,483,271)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		5,695,736	2,432,219	5,283,286
Proceeds from disposal of assets	20	400,281	383,891	178,030
Purchase of property, plant and equipment	6(b)	(1,977,495)	(3,503,967)	(1,881,338)
Purchase and construction of infrastructure	7(b)	(6,184,024)	(3,278,814)	(2,674,066)
Amount attributable to investing activities		<u>(2,065,502)</u>	<u>(3,966,671)</u>	<u>905,912</u>
FINANCING ACTIVITIES				
Repayment of debentures	21(a)	(104,142)	(104,003)	(108,167)
Proceeds from new debentures	21(a)	0	1,300,000	0
Proceeds from self supporting loans		2,146	0	12,990
Transfers to reserves (restricted assets)	11	(974,072)	(1,013,607)	(402,347)
Transfers from reserves (restricted assets)	11	0	132,028	0
Amount attributable to financing activities		<u>(1,076,068)</u>	<u>314,418</u>	<u>(497,524)</u>
Surplus(deficiency) before general rates		<u>(10,848)</u>	<u>(3,037,260)</u>	<u>(1,074,883)</u>
Total amount raised from general rates	22	<u>3,041,331</u>	<u>3,037,260</u>	<u>2,948,791</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	23	<u>3,030,483</u>	<u>0</u>	<u>1,873,908</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

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

All figures in the financial report are presented in Australian dollars.

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. All figures are presented in Australian dollars.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

(b) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

(c) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

Buildings	40 years
Furniture and Fittings - Electrical	5 years
Furniture and Fittings - Other	10 years
Motor Vehicle - Passenger	5 years
Light Vehicle - Commercial	5 years
Trucks	5 years
Graders, Loaders & Other Plant	10 years
Infrastructure Assets - Roads, Streets & Kerbing	
clearing and earthworks	not depreciated
pavement	40 years
seal	15 years
kerbing	50 years
Infrastructure Assets - Gardens	not depreciated
Infrastructure Assets - Parks & Ovals	10 - 40 years
Infrastructure Assets - Other Structures	20 - 50 years

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

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

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

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the proportionate consolidation method. Refer below for a description of the proportionate consolidation method of accounting.

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date. Page 20

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

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

2. REVENUE AND EXPENSES	2017	2016
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense		
WANDRRA Expenditure	3,309,615	3,812,941
Auditors remuneration		
- Audit of the Annual Financial Report	14,077	21,660
- Other Services	2,350	3,457
- Disbursements	2,864	0
Depreciation		
Buildings - non-specialised	727,746	720,180
Furniture and equipment	46,090	49,502
Plant and equipment	262,573	434,984
Infrastructure - Roads	3,633,089	3,515,145
Infrastructure - Footpaths	61,439	54,068
Infrastructure - Drainage	176	45,913
Infrastructure - Parks & Ovals	17,137	4,447
Infrastructure - other	255,342	84,114
Infrastructure - Gardens	2,094	0
	<u>5,005,686</u>	<u>4,908,353</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	74,173	72,857
	<u>74,173</u>	<u>72,857</u>
Rental charges		
- Operating leases	313,666	269,586
	<u>313,666</u>	<u>269,586</u>
(ii) Crediting as revenue:		
Significant revenue		
WANDRRA Income	3,263,517	3,628,930
Other revenue		
Other	93	318
	<u>93</u>	<u>318</u>
	2017	2017
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	85,212	63,952
- Other funds	47,819	80,183
Other interest revenue (refer note 27)	19,622	16,430
	<u>152,653</u>	<u>160,565</u>
	2016	
	Actual	
	\$	

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

Social and economic stability and well planned sustainable towns. A high standard of living, promoting business growth and nurturing agriculture in balance with the environment. A place of opportunity, acceptance of all people, strong health/aged care, educational services and a community favourable to extend families.

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates income & expenditure, general purpose grant and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Food quality, pest control, medical centre operations and other health services.

EDUCATION AND WELFARE

Objective:

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

Activities:

School support, assistance to playgroups, retirement villages and other voluntary services.

HOUSING

Objective:

To provide and maintain employee, non-employee and elderly residents housing.

Activities:

Provision and maintenance of staff and rental housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of tips, noise control, administration of town planning scheme, maintenance of cemeteries, maintenance of public conveniences, storm water drainage maintenance, sewerage scheme operation, litter control and roadside furniture.

RECREATION AND CULTURE

Objective:

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

Activities:

Provision of facilities and support for organisations concerned with leisure time activities and sport, support for performing and creative arts and preservation of the natural estate. This includes the maintenance of halls, aquatic centre, recreation and community centre, parks and gardens, sports grounds and operation libraries.

TRANSPORT

Objective:

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

Activities:

Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities and traffic signs, cleaning and lighting of streets, depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

The regulation and provision of tourism, area promotion, building control, noxious weed control, vermin control, standpipes and subdivisions.

OTHER PROPERTY AND SERVICES

Objective:

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

Activities:

Private works operations, private works overheads, materials, salaries & wages, plant repairs and operation costs. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all the works and services undertaken by Council.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
Recreation and culture							
Community Pool Revitalisation Grant	0	32,000	(32,000)	0	32,000	(32,000)	0
Multipurpose Courts	0	0	0	0	59,783	(59,783)	0
Richardson Park Upgrade	0	0	0	0	326,550	(326,550)	0
Transport							
Aged Friendly Communities Grant - WDC	55,000	0	(55,000)	0	0	0	0
Roads to Recovery	0	1,505,733	(1,505,733)	0	1,739,569	(1,376,468)	363,101
Economic services							
R4R (DAF) - Regional Dogger Project	12,835	41,145	(44,025)	9,955	46,875	(56,830)	0
Contribution of Landscaping subdivision	60,000	0	0	60,000	0	0	60,000
Central Wheatbelt Biosecurity Association	55,757	95,455	(138,407)	12,805	62,400	(45,172)	30,033
R4R (DAF) - RBG Transition Project	0	55,000	0	55,000	0	(55,000)	0
Factory Units Project - R4R	444,735	0	(165,836)	278,899	0	(278,899)	0
CLGF Housing (3shires) - R4R	1,205,137	0	(1,123,616)	81,521	0	(64,903)	16,618
AWI Project Funding - Regional Dogger	0	0	0	0	55,000	(17,100)	37,900
DAWFA Bridging Funds - Regional Dogger	0	0	0	0	284,000	0	284,000
Total	1,833,464	1,729,333	(3,064,617)	498,180	2,606,177	(2,312,705)	791,652

Notes:

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

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	2,717,829	20,952		(284,146)					2,454,635
Total land	2,717,829	20,952	0	(284,146)	0	0	0	0	2,454,635
Buildings - non-specialised	29,416,632	545,463	(5,743)	(1,351,627)			(727,746)	(605,489)	27,271,490
Total buildings	29,416,632	545,463	(5,743)	(1,351,627)	0	0	(727,746)	(605,489)	27,271,490
Total land and buildings	32,134,461	566,415	(5,743)	(1,635,773)	0	0	(727,746)	(605,489)	29,726,125
Furniture and equipment	211,007	68,829	0				(46,090)		233,746
Plant and equipment	2,546,003	1,342,251	(479,414)				(262,573)		3,146,267
Total property, plant and equipment	34,891,471	1,977,495	(485,157)	(1,635,773)	0	0	(1,036,409)	(605,489)	33,106,138

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

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,413,012	924,901
Restricted		4,963,304	3,695,760
		<u>6,376,316</u>	<u>4,620,661</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Leave Reserve	11	214,961	209,380
Reserves cash backed - Plant Reserve	11	810,799	734,908
Reserves cash backed - Joint Venture Housing Reserve	11	255,471	221,353
Reserves cash backed - Land & Buildings Reserve	11	1,205,400	1,125,407
Reserves cash backed - Sewerage Scheme Reserve	11	600,992	560,861
Reserves cash backed - Townscape Reserve	11	98,635	47,373
Reserves cash backed - Telecommunications Reserve	11	109,222	57,685
Reserves cash backed - Swimming Pool Reserve	11	41,695	40,613
Reserves cash backed - Recreation Reserve	11	280,630	200,000
Reserves cash backed - Insurance Excess Reserve	11	66,000	0
Reserves cash backed - Roadworks Reserve	11	487,848	0
Unspent grants	2(c)	791,652	498,180
		<u>4,963,304</u>	<u>3,695,760</u>

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

	2017 \$	2016 \$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	107,480	75,247
Sundry debtors	1,785,855	1,454,782
GST receivable	0	87,287
Loans receivable - clubs/institutions	2,212	2,147
Accrued Income/Payments in Advance	1,238	1,979
	<u>1,896,785</u>	<u>1,621,442</u>
Non-current		
Rates outstanding - pensioners	16,560	12,967
Loans receivable - clubs/institutions	2,278	4,490
	<u>18,838</u>	<u>17,457</u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
Rates outstanding	<u>107,480</u>	<u>75,247</u>
Includes:		
Past due and not impaired	107,480	
Impaired	<u>0</u>	
Sundry debtors	<u>1,785,855</u>	<u>1,454,782</u>
Includes:		
Past due and not impaired	46,188	
Impaired	<u>2,199</u>	
5. INVENTORIES		
Current		
Fuel and Materials	<u>4,374</u>	<u>11,459</u>
	<u>4,374</u>	<u>11,459</u>

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

	2017 \$	2016 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
- Independent valuation 2013 - level 2	0	2,482,933
- Independent valuation 2017 - level 2	2,454,635	0
- Additions after valuation - cost	0	234,896
	<u>2,454,635</u>	<u>2,717,829</u>
	<u>2,454,635</u>	<u>2,717,829</u>
Buildings - non-specialised at:		
- Independent valuation 2013 - level 2	0	35,947,135
- Independent valuation 2017 - level 2	27,271,490	0
- Additions after valuation - cost	0	1,160,110
Less: accumulated depreciation	0	(7,690,613)
	<u>27,271,490</u>	<u>29,416,632</u>
	<u>27,271,490</u>	<u>29,416,632</u>
Total land and buildings	<u>29,726,125</u>	<u>32,134,461</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	211,007	211,007
- Additions after valuation - cost	68,829	0
Less: accumulated depreciation	(46,090)	0
	<u>233,746</u>	<u>211,007</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	2,066,589	2,546,003
- Additions after valuation - cost	1,342,251	0
Less: accumulated depreciation	(262,573)	0
	<u>3,146,267</u>	<u>2,546,003</u>
	<u>33,106,138</u>	<u>34,891,471</u>

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

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold land	2	market approach using recent observable market data for similar properties	independent valuer	June 2017	price per square metre/ market borrowing rate
Land - vested in and under the control of Council					
Buildings - non-specialised	2	market approach using recent observable market data for similar properties	independent valuer	June 2017	price per square metre/ market borrowing rate
Furniture and equipment					
	3	cost approach using depreciated replacement cost	management valuation	June 2016	current condition, residual values
Plant and equipment					
- Management valuation 2016	2	market approach using recent observable market data / specific quotes	management valuation	June 2016	price per item

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

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

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

	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Independent valuation 2016 - level 2	241,534,689	242,242,705
- Additions after valuation - cost	4,456,785	2,037,467
Less: accumulated depreciation	<u>(7,148,234)</u>	<u>(3,515,145)</u>
	238,843,240	240,765,027
Infrastructure - Footpaths		
- Independent valuation 2016 - level 2	1,221,317	1,081,365
- Additions after valuation - cost	90,627	139,952
Less: accumulated depreciation	<u>(115,507)</u>	<u>(54,068)</u>
	1,196,437	1,167,249
Infrastructure - Drainage		
- Independent valuation 2016 - level 2	203,158	1,015,088
- Additions after valuation - cost	826,290	136,317
Less: accumulated depreciation	<u>(46,088)</u>	<u>(45,913)</u>
	983,360	1,105,492
Infrastructure - Parks & Ovals		
- Independent valuation 2016 - level 2	328,491	328,611
- Additions after valuation - cost	46,382	0
Less: accumulated depreciation	<u>(70,338)</u>	<u>(53,321)</u>
	304,535	275,290
Infrastructure - other		
- Independent valuation 2016 - level 2	27,962,954	26,923,666
- Additions after valuation - cost	763,940	0
Less: accumulated depreciation	<u>(1,925,639)</u>	<u>(1,236,498)</u>
	26,801,255	25,687,168
Infrastructure - Gardens		
- Independent valuation 2016 - level 2	342,707	342,707
Less: accumulated depreciation	<u>(2,094)</u>	<u>0</u>
	340,613	342,707
	<u>268,469,440</u>	<u>269,342,933</u>

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

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

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	240,765,027	4,456,785	0	(2,745,483) *	0	0	(3,633,089)	0	238,843,240
Infrastructure - Footpaths	1,167,249	90,627	0	0	0	0	(61,439)	0	1,196,437
Infrastructure - Drainage	1,105,492	826,290	0	(948,247) *	0	0	(176)	0	983,360
Infrastructure - Parks & Ovals	275,290	46,382	0	0	0	0	(17,137)	0	304,535
Infrastructure - other	25,687,168	763,940	0	0	0	0	(255,342)	605,489	26,801,255
Infrastructure - Gardens	342,707	0	0	0	0	0	(2,094)	0	340,613
Total infrastructure	269,342,933	6,184,024	0	(3,693,730)	0	0	(3,969,277)	605,489	268,469,440

* NOTE: WANDRRA flood damage January 2017 has been shown as a devaluation and disclosed as an impairment through the Revaluation Reserve.

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	cost approach using depreciated replacement cost	independent valuer	June 2016	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Footpaths	3	cost approach using depreciated replacement cost	independent valuer	June 2016	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Drainage	3	cost approach using depreciated replacement cost	independent valuer	June 2016	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Parks & Ovals	3	cost approach using depreciated replacement cost	independent valuer	June 2016	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - other	3	cost approach using depreciated replacement cost	independent valuer	June 2016	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Gardens	3	cost approach using depreciated replacement cost	independent valuer	June 2016	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs

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

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

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

	2017 \$	2016 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	624,347	723,352
Accrued interest on debentures	21,014	19,841
Accrued salaries and wages	12,110	108,268
ATO liabilities	51,289	0
Other current liabilities	49,513	44,168
	<u>758,273</u>	<u>895,629</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	110,206	104,003
	<u>110,206</u>	<u>104,003</u>
Non-current		
Secured by floating charge		
Debentures	876,647	986,992
	<u>876,647</u>	<u>986,992</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	256,737	236,941	493,678
Non-current provisions	<u>256,737</u>	<u>100,568</u>	<u>100,568</u>
	256,737	337,509	594,246
Additional provision	(7,472)	(7,646)	(15,118)
Balance at 30 June 2017	<u>249,265</u>	<u>329,863</u>	<u>579,128</u>
Comprises			
Current	249,265	274,971	524,236
Non-current	0	54,892	54,892
	<u>249,265</u>	<u>329,863</u>	<u>579,128</u>

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

11. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Reserves cash backed - Leave Reserve	209,380	5,580	0	214,960	209,380	4,187	0	213,567	203,151	6,229	0	209,380
Reserves cash backed - Plant Reserve	734,909	75,892	0	810,801	734,908	14,698	(132,028)	617,578	713,044	21,865	0	734,909
Reserves cash backed - Joint Venture Housing Reserve	221,353	34,118	0	255,471	221,353	25,050	0	246,403	190,850	30,503	0	221,353
Reserves cash backed - Land & Buildings Reserve	1,125,408	79,992	0	1,205,400	1,125,407	72,509	0	1,197,916	1,041,488	83,920	0	1,125,408
Reserves cash backed - Sewerage Scheme Reserve	560,861	40,131	0	600,992	560,861	36,402	0	597,263	544,174	16,687	0	560,861
Reserves cash backed - Townscape Reserve	47,372	51,262	0	98,634	47,373	50,947	0	98,320	26,558	20,814	0	47,372
Reserves cash backed - Telecommunications Reserve	57,684	51,537	0	109,221	57,685	51,154	0	108,839	55,968	1,716	0	57,684
Reserves cash backed - Swimming Pool Reserve	40,613	1,082	0	41,695	40,613	812	0	41,425	20,000	20,613	0	40,613
Reserves cash backed - Recreation Reserve	200,000	80,630	0	280,630	200,000	204,000	0	404,000	0	200,000	0	200,000
Reserves cash backed - Insurance Excess Reserve	0	66,000	0	66,000	0	66,000	0	66,000	0	0	0	0
Reserves cash backed - Roadworks Reserve	0	487,848	0	487,848	0	487,848	0	487,848	0	0	0	0
	3,197,580	974,072	0	4,171,652	3,197,580	1,013,607	(132,028)	4,079,159	2,795,233	402,347	0	3,197,580

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

11. RESERVES - CASH BACKED

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Leave Reserve	as required	To be used to fund annual and long service leave requirements
Reserves cash backed - Plant Reserve	as required	To be used for the purchase of major plant
Reserves cash backed - Joint Venture Housing Reserve	as required	To be used for long term maintenance & construction of joint venture housing
Reserves cash backed - Land & Buildings Reserve	as required	To be used for the purchase/construction of land/buildings
Reserves cash backed - Sewerage Scheme Reserve	as required	To be used for the maintenance & replacement of the sewerage Scheme
Reserves cash backed - Townscape Reserve	as required	To be used for future townscaping projects within the Shire
Reserves cash backed - Telecommunications Reserve	as required	To be used to leverage enhanced telecommunications capabilities within the Shire
Reserves cash backed - Swimming Pool Reserve	as required	To be used for the maintenance & upgrade of the swimming pool
Reserves cash backed - Recreation Reserve	2017/18	To be used for the upgrade of the recreation centre
Reserves cash backed - Insurance Excess Reserve	as required	To be used for the damaged non-insured assets upgrade
Reserves cash backed - Roadworks Reserve	2017/18	To be used for the construction & maintenance of roads

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

12. REVALUATION SURPLUS

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	22,547,113	0	(1,635,773)	(1,635,773)	20,911,340	22,547,113	0	0	0	22,547,113
Revaluation surplus - Furniture and equipment	195	0	0	0	195	195	0	0	0	195
Revaluation surplus - Plant and equipment	346,014	0	0	0	346,014	37,125	308,889	0	308,889	346,014
Revaluation surplus - Infrastructure - Roads	216,706,812	0	(2,745,483)	(2,745,483)	213,961,329	223,489,838	0	(6,783,026)	(6,783,026)	216,706,812
Revaluation surplus - Infrastructure - Footpaths	156,652	0	0	0	156,652	0	156,652		156,652	156,652
Revaluation surplus - Infrastructure - Drainage	1,015,088	0	(948,248)	(948,248)	66,840	0	1,015,088		1,015,088	1,015,088
Revaluation surplus - Infrastructure - Parks & Ovals	173,771	0	0	0	173,771	0	173,771		173,771	173,771
Revaluation surplus - Infrastructure - Other	24,188,671	0	0	0	24,188,671	0	24,188,671		24,188,671	24,188,671
Revaluation surplus - Infrastructure - Gardens	266,055	0	0	0	266,055	0	266,055		266,055	266,055
	265,400,371	0	(5,329,504)	(5,329,504)	260,070,867	246,074,271	26,109,126	(6,783,026)	19,326,099	265,400,371

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

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>6,376,316</u>	<u>4,883,566</u>	<u>4,620,661</u>

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

Net result	4,952,587	(2,099,785)	(2,130,410)
Non-cash flows in Net result:			
Depreciation	5,005,686	6,220,619	4,908,353
(Profit)/Loss on sale of asset	84,876	30,429	27,489
Loss on revaluation of fixed assets	0	1,287,289	(453,512)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(278,871)	0	(1,214,836)
(Increase)/Decrease in inventories	7,085	0	(1,251)
Increase/(Decrease) in payables	(137,356)	45,578	415,467
Increase/(Decrease) in provisions	(15,118)	(18,382)	(36,259)
Grants contributions for the development of assets	<u>(5,695,736)</u>	<u>(2,432,220)</u>	<u>(5,283,286)</u>
Net cash from operating activities	<u>3,923,153</u>	<u>3,033,528</u>	<u>(3,768,245)</u>

	2017	2016
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	10,000	5,000
Credit card balance at balance date	<u>(3,285)</u>	<u>(140)</u>
Total amount of credit unused	<u>6,715</u>	<u>4,860</u>
Loan facilities		
Loan facilities - current	110,206	104,003
Loan facilities - non-current	<u>876,647</u>	<u>986,992</u>
Total facilities in use at balance date	<u>986,853</u>	<u>1,090,995</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

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

14. CONTINGENT LIABILITIES

A claim for damages for faulty road construction resulting in a motor vehicle injury has been brought against the Council. The action is being defended and advice provided by the Council's solicitor indicates the likelihood of a judgement against Council is remote. The amount of the claim is \$500,000 excluding legal costs. Council's insurers would cover all except the first \$10,000 of any claim.

	2017	2016
	\$	\$
15. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
The Shire did not have any future operating lease commitments at the reporting date.		
(b) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	18,382	420,420
- plant & equipment purchases	0	620,130
Payable:		
- not later than one year	18,382	1,040,550

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre and purchase of a new truck (the prior year commitment was for the construction of the new recreation centre).

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

16. JOINT VENTURE ARRANGEMENTS

The Shire together with the Department of Housing have a joint venture arrangement with regards to the provision of five houses in Dalwallinu and one in Kalannie. The Shire provided the land and have a joint agreement for the use and maintenance of the constructed houses.

The Shire's share of the houses is included in "Building and Improvements" as follows:

	2017	2016
	\$	\$
Non-current assets		
Land and buildings	1,315,000	1,210,786
Less: accumulated depreciation	0	(138,419)
	<u>1,315,000</u>	<u>1,072,367</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	569,000	649,368
General purpose funding	1,483,079	218,229
Law, order, public safety	403,097	422,566
Health	694,371	704,066
Education and welfare	158,650	167,527
Housing	8,751,899	7,743,218
Community amenities	2,750,491	2,677,216
Recreation and culture	40,847,629	42,071,021
Transport	245,750,484	245,100,917
Economic services	3,221,280	2,215,961
Other property and services	5,176,728	4,501,399
Unallocated	65,183	4,033,935
	<u>309,871,891</u>	<u>310,505,423</u>

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

	2017	2016	2015
18. FINANCIAL RATIOS			
Current ratio	2.81	1.99	3.62
Asset sustainability ratio	1.55	0.89	1.03
Debt service cover ratio	24.32	(13.44)	22.30
Operating surplus ratio	(0.15)	(1.56)	0.18
Own source revenue coverage ratio	0.46	0.32	0.54

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 60 of this document.

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

The early payment of the grant increased operating revenue in 2017 by \$1,358,405.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,298,346.

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

	2017	2016	2015
Current ratio	1.66	2.58	2.23
Debt service cover ratio	16.70	-6.27	15.54
Operating surplus ratio	-0.42	-1.29	-0.11

SHIRE OF DALWALLINU
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FOR THE YEAR ENDED 30TH JUNE 2017

19. TRUST FUNDS

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
DPI Licensing Fees	16,165	999,724	(998,092)	17,797
St John Ambulance Memberships	499	3,092	(2,775)	816
BCITF Levy	191	4,694	(4,886)	(1)
Building Services Levy	56	5,190	(5,246)	0
Standpipe Swipe Cards	1,650	700	(250)	2,100
Raffle Tickets	3	0	(3)	0
Nomination Fees	160	0	(160)	0
Hall Hire Bonds	1,415	2,787	(3,842)	360
Key Deposits	1,510	3,436	(3,457)	1,489
Housing Bonds	0	9,844	(9,368)	476
75 Stories Book	0	30	(30)	0
Pommie Migrant to Pioneer Farmer Book	0	70	(70)	0
Prepared to Pioneer Book	0	28	(28)	0
5 Graves in Dalwallinu Book	0	184	(164)	20
Pioneer House Donations	10,076	0	0	10,076
Miscellaneous Deposits Held	11,560	25,000	(15,000)	21,560
	<u>43,285</u>			<u>54,693</u>

20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year:

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Housing								
6 McLevie Way, Dalwallinu - Shed	5,018	0	0	(5,018)	0	0		
Recreation and culture								
26 Locke Street, Kalannie - Shed	725	0	0	(725)	0	0		
Transport								
2012 Nissan Navara RX Gardener (DL747)	10,124	11,818	1,694	0	10,450	14,000	3,550	0
2011 Nissan Navara Tray Back (DL102)	8,607	8,182	0	(425)	8,700	9,182	482	0
2014 Nissan Navara D22 (DL350)	13,241	10,000	0	(3,241)	14,450	9,182	0	(5,268)
2009 Mack Granite Tip Truck (DL1207)					122,727	100,000	0	(22,727)
2007 CAT CS-573E Vibe Roller (DL32)	52,499	40,000	0	(12,498)	53,636	40,000	0	(13,636)
2004 Hino 5Tonne Tipper (DL159)	32,329	29,091	0	(3,238)	34,045	13,000	0	(21,045)
2002 Toro Groundmaster Mower (DL233)	5,000	1,460	0	(3,540)	5,000	4,000	0	(1,000)
John Deere Tractor (DL5150)	4,000	4,497	497	0	0	4,000	4,000	0
2008 Kubota Mower with catcher (DL8303)	8,000	7,000	0	(1,000)	8,000	4,000	0	(4,000)
2015 Komatsu GD655-5 Grader (DL143)	76,001	76,000	0	(1)	69,562	69,091	0	(471)
2016 Fuso Heavy Tip Truck (DL147)	47,000	47,000	0	0	0	47,000	47,000	0
2016 Fuso Canter Tipper Truck (DL121)	16,000	16,000	0	0	0	16,000	16,000	0
2007 Hino 3Tonne Dual Cab Truck (DL515)	27,334	7,273	0	(20,060)	29,000	15,000	0	(14,000)
2015 Holden Colorado (DL281)	35,647	26,505	0	(9,142)				
2014 Ford PX Ranger (DL103)	29,188	23,636	0	(5,552)				
Other property and services								
2014 Holden Commodore SV6 (DL186)	27,150	20,455	0	(6,695)	27,200	18,636	0	(8,564)
2014 Nissan Pathfinder (DL492)	30,799	20,909	0	(9,890)	31,550	20,800	0	(10,750)
2016 Holden Colorado 7 (DL2)	33,874	32,273	0	(1,601)	0	0		
Vega Plus Steam Cleaner	3,663	0	0	(3,663)	0	0		
2012 Hyundai iLoad Van (DL304)	18,960	18,182	0	(778)	0	0		
	<u>485,159</u>	<u>400,281</u>	<u>2,191</u>	<u>(87,067)</u>	<u>414,320</u>	<u>383,891</u>	<u>71,032</u>	<u>(101,461)</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal Repayments		Principal		Interest Repayments	
	1 July 2016		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
Loan 156 - Staff Housing	160,477	0	50,679	50,679	109,798	109,798	8,670	8,214
Community amenities								
Loan 64 - Sewerage Scheme	163,485	0	11,992	11,992	151,493	151,493	15,270	15,815
Recreation and culture								
Loan 157 - Dalwallinu Discovery Centre	767,033	0	41,471	41,332	725,562	725,701	50,233	43,606
	<u>1,090,995</u>	<u>0</u>	<u>104,142</u>	<u>104,003</u>	<u>986,853</u>	<u>986,992</u>	<u>74,173</u>	<u>67,635</u>

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

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

(d) Overdraft

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

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

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV - Dalwallinu	0.0846	134	2,397,860	202,823			202,823	202,823			202,823
Unimproved value valuations											
UV - Rural	0.0215	383	125,447,500	2,701,637	7,267		2,708,904	2,701,637			2,701,637
UV - Mining	0.0215	0	0	0			0				0
Sub-Total		517	127,845,360	2,904,460	7,267	0	2,911,727	2,904,460	0	0	2,904,460
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV - Dalwallinu	700	212	1,338,130	148,400			148,400	148,400			148,400
GRV - Kalannie	700	53	330,654	37,100			37,100	37,100			37,100
GRV - Other Towns	700	84	349,274	58,800			58,800	58,800			58,800
Unimproved value valuations											
UV - Rural	700	34	558,105	23,800			23,800	23,800			23,800
UV - Mining	700	27	132,148	18,900			18,900	18,900			18,900
Sub-Total		410	2,708,311	287,000	0	0	287,000	287,000	0	0	287,000
		927	130,553,671	3,191,460	7,267	0	3,198,727	3,191,460	0	0	3,191,460
Discounts/concessions (refer note 26)							(157,396)				(154,200)
Total amount raised from general rate							3,041,331				3,037,260
Totals							<u>3,041,331</u>				<u>3,037,260</u>

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

23. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017	(1 July 2016	(30 June 2016
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 16 brought forward	3,030,483	1,873,908	1,873,908
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,413,012	924,901	924,901
Restricted	4,963,304	3,695,760	3,695,760
Receivables			
Rates outstanding	107,480	75,247	75,247
Sundry debtors	1,785,855	1,454,782	1,454,782
GST receivable	0	87,287	87,287
Loans receivable - clubs/institutions	2,212	2,147	2,147
Accrued Income/Payments in Advance	1,238	1,979	1,979
Inventories			
Fuel and Materials	4,374	11,459	11,459
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(624,347)	(723,352)	(723,352)
Accrued interest on debentures	(21,014)	(19,841)	(19,841)
Accrued salaries and wages	(12,110)	(108,268)	(108,268)
ATO liabilities	(51,289)	0	0
Other current liabilities	(49,513)	(44,168)	(44,168)
Current portion of long term borrowings			
Secured by floating charge	(110,206)	(104,003)	(104,003)
Provisions			
Provision for annual leave	(249,265)	(256,737)	(256,737)
Provision for long service leave	(274,971)	(236,941)	(236,941)
Unadjusted net current assets	6,884,760	4,760,252	4,760,252
Adjustments			
Less: Reserves - restricted cash	(4,171,652)	(3,197,580)	(3,197,580)
Less: Loans receivable - clubs/institutions	(2,212)	(2,147)	(2,147)
Add: Secured by floating charge	110,206	104,003	104,003
Cash backed leave or provision portion	209380	209380	209,380
Adjusted net current assets - surplus/(deficit)	3,030,483	1,873,908	1,873,908

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

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

24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2017.

25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
General & Minimum Rates	5.00%		157,396	154,200	Payment of full amount owing, including arrears and service charges no later than 4:00pm on the day 35 days after the date of service appering on the rate notice
			<u>157,396</u>	<u>154,200</u>	

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

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	16 Sep 16			11.00%
Option Three				
First Instalment	16 Sep 16		5.50%	11.00%
Second Instalment	18 Nov 16	6.67	5.50%	11.00%
Third Instalment	20 Jan 17	6.67	5.50%	11.00%
Fourth Instalment	17 Mar 17	6.67	5.50%	11.00%
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			12,630	10,430
Interest on instalment plan			6,992	6,000
Charges on instalment plan			3,042	3,174
			<u>22,663</u>	<u>19,604</u>

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

	2017	2016
	\$	\$
28. FEES & CHARGES		
Governance	270	259
General purpose funding	5,721	5,492
Law, order, public safety	6,277	4,234
Health	550,000	493,014
Education and welfare	1	1
Housing	276,621	181,478
Community amenities	521,974	464,874
Recreation and culture	75,740	83,493
Transport	34,421	13,285
Economic services	249,808	231,328
Other property and services	57,805	125,012
	<u>1,778,638</u>	<u>1,602,470</u>

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

29. GRANT REVENUE

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

	2017	2016
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions		
Governance	50	10,000
General purpose funding	3,972,720	1,286,393
Law, order, public safety	25,404	36,590
Health	5,400	6,728
Education and welfare	3,309	506
Housing	23,465	13,448
Community amenities	4,771	5,662
Recreation and culture	131,018	62,935
Transport	269,000	261,347
Economic services	464,339	215,137
Other property and services	100,589	167,885
	<u>5,000,065</u>	<u>2,066,631</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	418,333	0
Transport	5,277,403	5,283,286
	<u>5,695,736</u>	<u>5,283,286</u>
	<u>10,695,801</u>	<u>7,349,917</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>40</u>	<u>39</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	17,499	19,236	19,754
President's allowance	7,687	7,687	7,625
Deputy President's allowance	1,537	1,537	1,537
Travelling expenses	7,278	9,000	8,512
	<u>34,001</u>	<u>37,460</u>	<u>37,428</u>

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

32. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

2017

\$

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

Short-term employee benefits	1,044,446
Post-employment benefits	114,656
Other long-term benefits	22,506
	<u>1,181,608</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

iii. Joint venture entities accounted for under the proportionate consolidation method

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, refer to Note 16.

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

32. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties 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:

2017

\$

Associated companies/individuals:

Sale of goods and services	50,834
Purchase of goods and services	141,639

Amounts outstanding from related parties:

Trade and other receivables	635
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Amounts payable to related parties:

Trade and other payables	14,269
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Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

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

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

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

35. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	6,376,316	4,620,661	6,376,316	4,620,661
Receivables	1,915,623	1,638,899	1,915,623	1,638,899
	<u>8,291,939</u>	<u>6,259,560</u>	<u>8,291,939</u>	<u>6,259,560</u>
Financial liabilities				
Payables	758,273	895,629	758,273	895,629
Borrowings	986,853	1,090,995	986,853	1,090,995
	<u>1,745,126</u>	<u>1,986,624</u>	<u>1,745,126</u>	<u>1,986,624</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	63,763	46,207
- Statement of Comprehensive Income	63,763	46,207

Notes:

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

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	98%	92.00%
- Overdue	2.00%	8%

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 2 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	758,273	0	0	758,273	758,273
Borrowings	170,541	917,566	55,614	1,143,722	986,853
	<u>928,814</u>	<u>917,566</u>	<u>55,614</u>	<u>1,901,995</u>	<u>1,745,126</u>
<u>2016</u>					
Payables	895,629	0	0	895,629	895,629
Borrowings	170,795	1,103,277	83,421	1,357,493	1,090,995
	<u>1,066,424</u>	<u>1,103,277</u>	<u>83,421</u>	<u>2,253,122</u>	<u>1,986,624</u>

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures	110,206	752,892	16,002	17,617	19,394	70,742	986,853	6.26%
Weighted average Effective interest rate	6.02%	5.71%	9.85%	9.85%	9.85%	9.85%		
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	104,003	110,345	752,892	16,002	17,617	90,136	1,090,995	6.32%
Weighted average Effective interest rate	6.00%	6.02%	5.71%	9.85%	9.85%	9.85%		

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF DALWALLINU

Report on the Financial Report

Opinion

We have audited the financial report of the Shire of Dalwallinu, which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

In our opinion, the financial report of the Shire of Dalwallinu is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

Other Information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Council's Responsibility for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emphasis of Matter

Without modifying our opinion, we draw attention to page 61 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

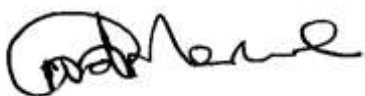
Reporting on Other Legal and Regulatory Requirements

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) Apart from the operating surplus ratio that does not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE
Director
Perth
Date: 11 October 2017

**SHIRE OF DALWALLINU
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

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

	2017	2016	2015
Asset consumption ratio	0.97	0.95	0.986
Asset renewal funding ratio	0.80	0.756	0.69

The above ratios are calculated as follows:

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