



# Shire of Shark Bay

65 Knight Terrace, Denham  
PO Box 126, Denham 6537

Telephone (08) 9948 1218 Facsimile (08) 9948 1237  
Email admin@sharkbay.wa.gov.au

## *Meeting Minutes*

Minutes of the Special Meeting of the Shark Bay Shire Council held in the Council Chamber at the Shark Bay Recreation Centre, Francis Street, Denham on Wednesday 13 July 2016 commencing at 3.00 pm.

**PURPOSE** I advise that a special meeting of Council is called in accordance with in accordance with Section 5.4 (a), (i) of the *Local Government Act 1995*, for the adoption of Council's 2016/2017 Budget.

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## DISCLAIMER

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The Shire of Shark Bay disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by a member or officer of the Shire of Shark Bay during the course of any meeting is not intended to be an is not to be taken as notice of approval from the Shire of Shark Bay.

The Shire of Shark Bay advises that no action should be taken on any application or item discussed at a Council meeting and should only rely on **WRITTEN ADVICE** of the outcome and any conditions attaching to the decision made by the Shire of Shark Bay.

**1.0 DECLARATION OF OPENING**

The President declared the Special Council meeting open at 3.00pm

**2.0 ATTENDANCES AND APOLOGIES**

<u>Present</u>	Cr C Cowell	President
	Cr K Capewell	Deputy President
	Cr M Prior	
	Cr L Bellottie	
	Cr K Laundry	
	Cr B Wake	
	Cr G Ridgley	
	Mr P Anderson	Chief Executive Officer
	Ms C Wood	Executive Manager Finance and Administration
	Mr B Galvin	Works Manager
	Mrs F Hoult	Executive / Works Assistant

<u>Apologies</u>	Ms L Butterly	Executive Manager Community Development
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Visitors  
Nil

**3.0 PUBLIC QUESTION TIME**

The President opened Public Question Time at 3.00pm, as there were no questions put forward the President closed Public Question Time at 3.01pm.

**4.0 ADOPTION OF THE 2016/2017 BUDGET**

FM00005

Author

Executive Manager Finance and Administration

Disclosure of Any Interest

Nil

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

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### Officer's Recommendation

That Council, having regard to the budget deficiency in the context of the Strategic Community Plan and the Corporate Business Plan, by Absolute Majority, pursuant to Section 6.2 of the *Local Government Act 1995*, resolves to:

#### PART A. 2016/2017 RATES AND MINIMUM PAYMENTS AND THE STATEMENT OF OBJECTIVES AND REASONS FOR THE PROPOSED RATES AND MINIMUM PAYMENTS

1. Adopt the following Differential General Rates against the valuations supplied by Landgate (as amended) as at 1 July 2016 for 2016/2017 in accordance with Sections 6.32 and 6.33 of the Act:

Differential General Rates	2016/2017 Cents in the Dollar
GRV Residential	9.2319
GRV Residential Vacant	9.2319
GRV Commercial	9.4872
GRV Industrial/Residential	10.2160
GRV Industrial/Residential Vacant	9.2315
GRV Rural Commercial	9.5949
GRV Resort	10.1279
UV General	19.0448
UV Mining	25.9757
UV Pastoral	13.0428
UV Exploration	24.9757

2. Adopt the following Minimum payments for the Shire of Shark Bay for 2016/2017 in accordance with Section 6.35 of the Act:

Minimum Payment	2016/2017 Minimum Payment per Assessment
GRV Residential	\$800.00
GRV Residential Vacant	\$800.00
GRV Commercial	\$800.00
GRV Industrial/Residential	\$800.00
GRV Industrial/ Residential Vacant	\$500.00
GRV Rural Commercial	\$800.00
GRV Resort	\$800.00
UV General	\$835.00
UV Mining	\$835.00
UV Pastoral	\$835.00
UV Exploration	\$835.00

3. Adopt for 2016/2017 the Specified Area Rate of 3.4569 cents in the dollar for users of the Monkey Mia Bore against valuations supplies by Landgate (as amended) as at 1 July 2016 in accordance with Section 6.37 of the Act;
4. Adopt the Statement of Objectives and Reasons for proposed rates and minimum payments.

5. Note that Council has considered all submissions received from ratepayers before adopting the 2016/2017 Budget;

**AMENDMENT TO OFFICER RECOMMENDATION**

**Reason: Council felt that the consideration and possible raising of the 2016/2017 rates and any possible concessions should be discussed together and not separate items as indicated in the agenda on pages 4 and 8.**

Moved Cr Wake  
Seconded Cr Capewell

**Council Resolution**

**That Council combine**

**PART A. 2016/2017 RATES AND MINIMUM PAYMENTS AND THE STATEMENT OF OBJECTIVES AND REASONS FOR THE PROPOSED RATES AND MINIMUM PAYMENTS on page 4 and PART C. CONCESSIONS AND WRITE OFFS on page 8 of the agenda as one item for consideration.**

**6/1 CARRIED**

Moved Cr Wake  
Seconded Cr Capewell

**Council Resolution**

**That Council, having regard to the budget deficiency in the context of the Strategic Community Plan and the Corporate Business Plan, by Absolute Majority, pursuant to Section 6.2 of the *Local Government Act 1995*, resolves to:**

**PART A. 2016/2017 RATES AND MINIMUM PAYMENTS AND THE STATEMENT OF OBJECTIVES AND REASONS FOR THE PROPOSED RATES AND MINIMUM PAYMENTS**

**Adopt the following Differential General Rates against the valuations supplied by Landgate (as amended) as at 1 July 2016 for 2016/2017 in accordance with Sections 6.32 and 6.33 of the Act:**

<b>Differential General Rates</b>	<b>2016/2017 Cents in the Dollar</b>
<b>GRV Residential</b>	<b>9.2319</b>
<b>GRV Residential Vacant</b>	<b>9.2319</b>
<b>GRV Commercial</b>	<b>9.4872</b>

GRV Industrial/Residential	10.2160
GRV Industrial/Residential Vacant	9.2315
GRV Rural Commercial	9.5949
GRV Resort	10.1279
UV General	19.0448
UV Mining	25.9757
UV Pastoral	13.0428
UV Exploration	24.9757

**PART C. CONCESSIONS AND WRITE OFFS**

Adopt the following Minimum payments for the Shire of Shark Bay for 2016/2017 in accordance with Section 6.35 of the Act:

Minimum Payment	2016/2017 Minimum Payment per Assessment
GRV Residential	\$800.00
GRV Residential Vacant	\$800.00
GRV Commercial	\$800.00
GRV Industrial/Residential	\$800.00
GRV Industrial/ Residential Vacant	\$500.00
GRV Rural Commercial	\$800.00
GRV Resort	\$800.00
UV General	\$835.00
UV Mining	\$835.00
UV Pastoral	\$835.00
UV Exploration	\$835.00

Adopt for 2016/2017 the Specified Area Rate of 3.4569 cents in the dollar for users of the Monkey Mia Bore against valuations supplied by Landgate (as amended) as at 1 July 2016 in accordance with Section 6.37 of the Act;

Adopt the Statement of Objectives and Reasons for proposed rates and minimum payments.

Note that Council has considered all submissions received from ratepayers before adopting the 2016/2017 Budget;

Grant a write off of rates to Australian Wildlife Conservancy for Assessment 2071 being the Faure Island landing site to the value of \$3,200 in accordance with Section 6.12 and 6.47 of the *Local Government Act 1995* and provide this write off on the basis of the inequities of the valuation system for pastoral land;

Grant a concession of 7.2236 cents in the dollar on the Unimproved Value Pastoral rate category in accordance with Section 6.47 of the

***Local Government Act 1995*** and provide this concession on the basis of the inequities of the valuation system for pastoral land;

**Grant a concession of 9.0378 cents in the dollar to Unimproved Value Exploration in accordance with Section 6.47 of the *Local Government Act 1995* and provide this concession on the basis of the inequities of the valuation system for exploration land and to recognize that the assessments are not in the production phase.**

**6/1 CARRIED BY ABSOLUTE MAJORITY**

Background

As part of the function of local government and its operations, each year the Council is required, under Section 6.2 of *the Local Government Act 1995*, to formally adopt its annual financial year budget to enable the administration to carry out services and programs and to raise revenue through rates and fees and charges.

Consistent with sections 6.2(4) of *the Local Government Act 1995* and the Part 3 of the Local Government (Financial Management) Regulations 1996, the 2016/17 Budget for the Shire of Shark Bay includes the following:

- Statement of Comprehensive Income by both Nature and Type and Program which both shows a net result of \$235,429;
- Statement of Cashflows which shows a level of cash held at the end of 2016/2017 of \$1,321,783;
- Rate setting statement showing the amount to be raised from General Rates as \$1,198,568 and an estimated carried forward amount from 2015/2016 of \$1,412,495;
- Notes to and forming part of the budget as required by legislation.

Comment

The general rates in the dollar and minimum payments are in accordance with Council's Community Strategic Plan, Corporate Business Plan and Long Term Financial Plan and, in accordance with section 6.36 of the *Local Government Act 1995*, these rates in the dollar were advertised for 21 days and submissions sought from ratepayers on the proposed rates.

Council has received one submission on the rates in the dollar and minimums. The submission (copy attached) is from Hetherington Exploration and Mining Title Services acting on behalf of Strandline Resources (formerly Gunson Resources). The submission requests that "*With respect to the current status of the mining industry and economy as a whole, Strandline requests that the Shire reconsider the increase in the Differential Rate and consider even holding off an increase with respect to the increase that will be affected by the annual increase in rent.*"

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

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The submission discusses the increase in rent and the increase in rates and states that, as a result, the overall valuation of each rates assessed experiences two annual increases. It feels that it is inappropriate for a constituent to be unfairly prejudiced in order to address budget constraints that are not directly caused by the constituent.

It should be noted that the rate yield from the Mining and UV Exploration has increased by 4% over the 2016 rate yield for these categories in accordance with Council's intention. The submission refers to the large increase in the rate in the dollar for Mining in which the company has only one property. The majority of the company's properties are in the Exploration category of which the proposed rate is 24.9757 cents in the dollar or a 14% net increase.

This increase in the rate in the dollar has come about by the decrease in the valuation of the Strandline properties. As Council would be aware, if the valuation decreases then the rate in the dollar needs to increase to generate the required level of rate yield. Therefore, although the rate in the dollar in this case has increased, the rate yield has not increased above 4% and as such Strandline will not be paying any more than this increase.

There has been two changes to the rates in the dollar since advertising. The changes affect the following categories:

Category	Advertised Rate in the dollar	New Rate in the dollar	Reason for Change
GRV Commercial	9.3449	9.4872	To take into account interim rates which have been actioned after Council's resolution and which resulted in a decrease in valuations.
GRV Industrial/Residential Vacant	9.2319	9.2315	This change has been made to ensure that Council complies with the Local Government Act with regard to Minimum Rates

The recommendation allows for the adoption of the statement of objectives and reasons for the proposed rates and minimums which were part of the advertisement process and no submissions have been received on that statement. Council has reviewed the rate categories and established a set of categories which best reflects Shark Bay circumstances.

The recommendation also provides for the levying of the Specified Area Rate for the Monkey Mia Bore loan which was raised in 2012/2013 for the purposes of installing a new bore at Monkey Mia.

### **PART B. 2016/2017 GENERAL CONDITIONS, CHARGES AND INTEREST**



Moved            Cr Prior  
Seconded      Cr Ridgley

**Council Resolution**

**That Council:**

- 1. Impose no service charge on land for 2016/2017;**
- 2. Raise a charge of \$10.00 per instalment for 2016/2017 where the ratepayer has elected to pay their rates by instalments in accordance with Section 6.45(3) of the Act;**
- 3. Provide the option for ratepayers to pay their rates as a single payment or by 2 or 4 equal instalments in accordance with Section 6.45(1) of the Act;**
- 4. Adopt the following due dates for the payment of rates either as a single payment or by 2 or 4 instalments;**

i.	<b>Single payment</b>		<b>Due Date: 9 September 2016</b>
ii.	<b>Two instalments</b>	<b>First</b>	<b>Due Date: 9 September 2016</b>
		<b>Second</b>	<b>Due Date: 18 November 2016</b>
iii.	<b>Four instalments</b>	<b>First</b>	<b>Due Date: 9 September 2016</b>
		<b>Second</b>	<b>Due Date: 18 November 2016</b>
		<b>Third</b>	<b>Due Date: 27 January 2017</b>
		<b>Four</b>	<b>Due Date: 7 April 2017</b>
- 5. Not provide any discount for early payment of rates;**
- 6. Grant an incentive for the payment of the 2016/2017 rates and charges by the single payment due date by way of a lottery draw for the prizes of:**
  - i. First Prize – Gift voucher of \$500 to be spent at any Shark Bay business;**
  - ii. Second Prize – Two tickets to the 1616 Dirk Hartog Commemoration Ball;**
  - iii. Third Prize – Gift voucher of \$100 to be spent at any Shark Bay business;**
- 7. Charge an interest rate of 11% on any outstanding rates and charges that remain overdue as described in accordance with Section 6.51 of the Act.**

**7/0 CARRIED**

**Comment**

This part provides the ability for ratepayers to pay their rates through instalments, the due dates for those instalments and the imposition of charges for utilizing these timeframes for payment. It also provides incentives for payment of rates and charges by the single payment due date of a lottery draw with prizes provided by the Shire of Shark Bay. It is proposed that these prizes be as follows for 2016/2017:

- First Prize – Gift voucher of \$500 to be spent at any Shark Bay business;
- Second Prize – Two tickets to the 1616 Dirk Hartog Commemoration Ball;
- Third Prize - Gift voucher of \$100 to be spent at any Shark Bay business;

This part also allows Council to charge overdue interest rates on outstanding rates and charges and on outstanding sundry debtors as provided for in section 6.13 of the *Local Government Act 1995*.

### **PART C. CONCESSIONS AND WRITE OFFS**

**This section was bought forward and discussed with part A of the agenda.**

#### Officer's Recommendation

That Council:

1. Grant a write off of rates to Australian Wildlife Conservancy for Assessment 2071 being the Faure Island landing site to the value of \$3,200 in accordance with Section 6.12 and 6.47 of the *Local Government Act 1995* and provide this write off on the basis of the inequities of the valuation system for pastoral land;
2. Grant a concession of ..... cents in the dollar on the Unimproved Value Pastoral rate category in accordance with Section 6.47 of the *Local Government Act 1995* and provide this concession on the basis of the inequities of the valuation system for pastoral land;
3. Grant a concession of ..... cents in the dollar to Unimproved Value Exploration in accordance with Section 6.47 of the *Local Government Act 1995* and provide this concession on the basis of the inequities of the valuation system for exploration land and to recognize that the assessments are not in the production phase.

#### Comment

This part provides Council with an opportunity to consider any write off and concessions that it wishes to provide in 2016/2017. The financial implications for such an action need to be fully considered prior to adoption as any concession not included in the budget as presented will result in a loss situation to the budget outcome and require an adjustment to the expenditure or to the transfers to reserves to account for this loss. The budget is presented as a balanced budget and includes the same concession as provided for in the 2015/2016 budget to the Unimproved Value (UV) Pastoral and the Unimproved Value (UV) Exploration categories. Council has received a request from Strandline Resources for the continued application of concessions for the category of UV Exploration.

The concession provided by Council in 2015/16 was 6.9548 cents in the dollar for Unimproved Value Pastoral resulting in a net rate in the dollar of 5.5954 cents in the dollar and 7.6981 cents in the dollar for Unimproved Value Exploration resulting in a net rate in the dollar of 14.1884 cents in the dollar.

This part also provides the opportunity to waive the rates for the landing site at Faure Island. This practice has been in place for several years and it is recommended that the rates for the landing parcel of rates be written off again this year.

**PART D. 2016/2017 FEES AND CHARGES**

Moved            Cr Capewell  
Seconded       Cr Prior

**Council Resolution**

**That Council:**

- 1. Adopt the 2016/2017 Schedule of Fees and Charges.**

**7/0 CARRIED**

**Comment**

This part recommends the adoption of the proposed fees and charges for 2016/2017 which Council has previously reviewed. There have been no changes to this document since the review.

**PART E. 2016/2017 CAPITAL WORKS**

Moved            Cr Cowell  
Seconded       Cr Capewell

**Council Resolution**

**That Council:**

- 1. Adopt the 2016/2017 Capital Works budget.**

**7/0 CARRIED**

**Comment**

This part recommends the adoption of the proposed capital works program for 2016/2017 which Council has previously reviewed. The document provides for those projects that are carry forwards from 2015/2016 which include the Refuse Tip Recycling, Recreation Grounds, Foreshore Redevelopment, Community Bus, Refurbishment of Old Jail and Stables, Cycle-ways on the Foreshore and Tourism and Information Bay Signage.

**PART F. ADOPTION OF THE 2016/2017 BUDGET**

Moved            Cr Laundry  
Seconded       Cr Ridgley

**Council Resolution**

**That Council:**

- 1. Adopt a reporting material variance of \$5,000 or 5% as per AASB1031 and regulation 34 of the Local Government (Financial Management) Regulations 1996;**
- 2. Adopt the Significant Accounting Policies attached and included in the 2016/2017 Budget document; and**
- 3. Adopt the 2016/2017 Budget for the Shire of Shark Bay as presented in the accompanying attachment.**

**7/0 CARRIED**

**Comment**

This part recommends the adoption of the 2016/2017 Budget, sets the reporting variance for monthly reporting to Council and adopts the significant accounting policies separately to the budget as advised by the auditors. The budget has been based on an estimated carry forward from 2015/2016 of \$1,412,495. This is an estimate only as the annual financial statements for 2015/2016 have yet to be finalized and there will be some alteration to this final figure as part of this process.

The budget allows for a transfer from reserves of \$1,382,458 and a transfer to reserves of \$415,707. The transfer to reserves will provide a provision for the securing of capital for future projects and renewal expenditure which will be required to ensure that Council's assets are maintained to a sustainable level of service provision.

From a profit and loss perspective, the budget shows a profit for 2016/2017 of \$235,429 however this includes the revenue from non-operating grants in accordance with accounting standards and it further includes depreciation expense which is not funded. Taking these factors into consideration, the actual operating position of the Council is a profit of \$633,366 which provides funding for capital liabilities and capital projects.

From a cash flow perspective, it is expected that the cash position will decrease by \$5,863,135 in 2016/2017 as Council completes carry forward projects and current projects. It is expected that all projects in the capital works program will be completed in 2016/2017 provided funding is received as expected. The level of cash expected at the end of 2016/2017 is \$1,321,783 which is made up on working cash of \$131,700 and reserve cash of \$1,030,646.

Further details on the separate components of the 2016/2017 budget are included in the budget document.

**PART G ASSET MANAGEMENT PLAN 2016**

Moved Cr Prior  
Seconded Cr Capewell

**Council Resolution**

**That Council:**

- 1. Receive and endorse the Asset Management Plan for 2016/2017.**

**7/0 CARRIED**

Comment

This part acknowledges that the Asset Management Plan has been completed. Council is not required to adopt this Plan, however it is appropriate that it recognizes that it does exist. Over 2016/2017 further work will be done on this Plan to incorporate it into the Long Term Financial Plan as these two documents are intrinsically connected.

Legal Implications

Section 6.2 of the *Local Government Act 1995* requires Council to adopt a budget prior to 31 August each year while Part 3 of the Local Government (Financial Management) Regulations 1996 states what needs to be included in the budget.

Policy Implications

Council is required to adopt the Significant Accounting Policies as part of the budget adoption. These policies form the basis on which Council will carry out its financial responsibilities.

Financial Implications

The 2016/2017 budget provides Council with the opportunity to continue to carry out significant projects in the future, however highlights the reliance of Council on grant funding and the need to become more “self-sufficient” financially so that, should grant funding not be available, Council can continue to provide high quality services to the community and maintain its assets in a sustainable manner.

Strategic Implications

Outcome 4.1.3 Maintain accountability and financial responsibility.

Risk Management

There is a high risk of not adopting the 2016/2017 Budget as this provides the authority for the administration to continue to provide services to the community.

Voting Requirements

Absolute Majority is required for this item.

Signatures

Author  
Chief Executive Officer  
Date of Report

*C Wood*  
*P Anderson*  
17 June 2016



Exploration & Mining Title Services  
www.hemts.com.au

20 June 2016

Via Registered Post: 942687743019

Paul Anderson  
Chief Executive Officer  
Shire of Shark Bay  
PO Box 126  
Denham, WA, 6537

**RECEIVED**  
22 JUN 2016

Dear Sir

SHIRE OF SHARK BAY

**Notice of Intention to Impose Differential Rates**

**UV – Mining**  
**UV - Exploration**

Hetherington Exploration & Mining Title Services Pty Ltd acts on behalf of Strandline Resources Limited ("Strandline").

I refer to the Shire's intention to increase the Differential Rates in the category of "UV – Mining" ("UV-M") and "UV – Exploration". For convenience this submission will focus on UVM as it is the primary concern of Strandline.

Strandline hold the following holdings and associated assessment numbers;

- i) Strandline paid approximately \$102,000 in Shire Rates for the period ending 2016;
- ii) The Mining Leases have been granted since 2004 without change in size, which would make Strandline contributions via Shire Rates one of the highest out of all constituents during this period.

Lease	Assessment Number
E09/939	A3007
E09/940	A3008
M09/102	A2101
M09/103	A2102
M09/104	A2103
M09/105	A2104
M09/106	A2105
M09/111	A4135
M09/112	A4136
Coburn Pastoral Lease	A2005

**Response to Key Values**

The Shire has advised that the value has been calculated based on;

**SYDNEY**

Hetherington Exploration & Mining Title Services Pty Ltd  
ABN 51 610 909 290  
503 Willoughby Road, 1<sup>st</sup> Floor  
(Access via Prentice Lane)  
Willoughby NSW 2068  
PO Box 765, Willoughby NSW 2068  
Tel: (02) 9967 4844  
Fax: (02) 9967 4614  
E-mail: sydney@hemts.com.au

**BRISBANE**

Hetherington Exploration & Mining Title Services (QLD) Pty Ltd  
ABN 42 153 626 110  
Level 6, 445 Upper Edward Street  
Spring Hill QLD 4000  
PO Box 48, Spring Hill LPO  
Spring Hill QLD 4004  
Tel: (07) 3236 1768  
Fax: (07) 3236 1758  
E-mail: brisbane@hemtsqld.com.au

**PERTH**

Hetherington Exploration & Mining Title Services (WA) Pty Ltd  
ABN 64 003 122 906  
85 Brisbane Street  
(Cir Brisbane & Beaufort Streets)  
PERTH WA 6000  
PO Box 8249, Perth Business Centre PERTH WA 6849  
Tel: (08) 9228 9977  
Fax: (08) 9328 3710  
E-mail: perth@hemts.com.au

**UV - Mining**

This category applies to mining tenement leases and reflects the contribution required by mining to the maintenance of the Shire's assets and services to the extent that the mining operations use these assets.

Strandline's Coburn Zircon Project remains in commissioning status as Strandline continue their efforts to secure a partner to begin building the mine plant. As a result, the Mining Lease have had a limited footprint of on-ground activity for the last 7 years. During this time, Strandline strain on the Shire, it's resources, services and infrastructure would have been extremely limited. The Shires assets and services to Strandline would not have increased during this period.

Whilst the Shire has kept their increases (for the most part) under 5% in previous periods, the Shire is proposing an increase of over 18% for the period ending 2017;

- i) As the table shows, that the UV rate has nearly doubled since 2010 with no corresponding increase of activity from Strandline.

Year	Rate In (UV)	% Increase
2009	12.93	
2010	13.5953	5.15%
2011	14.2751	5.00%
2012	15.3694	7.67%
2013	16.988	10.53%
2014	18.4012	8.32%
2015	19.3581	5.20%
2016	21.8865	13.06%
2017	25.9757	18.68%

The corresponding increase in the rate for pastoral leases remains under 5%;

Year	Rate In (UV)	% Increase
2016	12.5412	
2017	13.0428	4.00%

For full disclosure I note that the valuation of each property assessment is pegged directly to the rental due for each mining tenement, from the definition section of the *Valuation of Land Act 1978 (WA)*;

*"unencumbered value" land in respect of which —*

*(I) a mining tenement is held pursuant to an agreement made with the Crown in the right of the State and scheduled to an Act approving the agreement —*

*(A) 5 times the annual rent per hectare for the first 1 000 h or part thereof;*

*(B) 2.5 times the annual rent per hectare for the next 9 000 h or part thereof;*

*(C) 0.25 times the annual rent per hectare for each hectare in excess of 10 000 h*

The rent charged for each lease has increased each period annually due to the application of the CPI index (the decrease in 2012 was due to the removal of GST from rent payable);

PE Rent	Rent per Ha	% Increase
2008	14.52	
2009	14.96	3.03%
2010	15.62	4.41%
2011	15.95	2.11%
2012	15	-5.96%
2013	15.4	2.67%
2014	15.7	1.95%
2015	16.1	2.55%
2016	16.5	2.48%
2017		

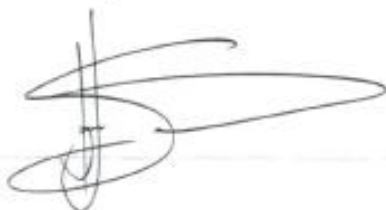
As a result, the overall valuation of each rates assessed experiences two annual increases. It is inappropriate for a constituent to be unfairly prejudiced in order to address budget constraints that are not directly caused by the constituent.

With respect to the current status of the mining industry and economy as a whole, Strandline requests the Shire reconsider the increase in the Differential Rate and consider even holding off an increase with respect to the increase that will be affected by the annual increase in rent.

Strandline takes the opportunity to highlight its appreciation of the voluntary concession applied by the Shire during the last period (and in the period ending 2015) and hope the Shire again applies this voluntary concession regardless of the outcome on the Different Rates issue. However, the issue of the underlying calculations and rate in the dollar cannot be ignored as an increase of these numbers will lead to higher valuations in the future.

Strandline looks forward to your response and reconsideration of the planned substantial increase in Differential Rates.

Yours faithfully



**Hong-Jim Saw**  
Mineral Titles Consultant  
Hetherington Exploration & Mining Title Services (WA) Pty Ltd  
Perth Office  
Etc





SHIRE OF SHARK BAY  
2016/17 DIFFERENTIAL RATES  
STATEMENT OF OBJECTS AND REASONS

**Objects and Reasons for Implementing a Differential Rate**

In accordance with Section 6.36 of the Local Government Act 1995 and the Council's "Notice of Intention to Impose Differential Rates", the following information details the objectives and reasons for those proposals.

**What are Rates?**

The raising of rates is the primary source of revenue of all Councils throughout Australia. The purpose of levying rates is to meet Council's proposed budget requirements each year in a manner that is fair and equitable to the ratepayers of the community.

In Western Australia land is valued by Landgate Valuation Services (Valuer General's Office – a State Government agency) and those values are forwarded to each Local Government.

Two types of values are calculated:

- Gross Rental Value (GRV); and
- Unimproved Value (UV)

To calculate the rates to be charged, Council multiplies a rate in the dollar by the supplied value. The rate in the dollar is determined by the level of revenue the Council wishes to raise and is dependent on its proposed budget.

Apart from the need to ensure sufficient revenue to meet its expenditure needs, Council must be mindful of the impact and affordability of rates to the community.

**Differential Rating**

Local Government, under section 6.33 of the Local Government Act 1995, have the power to implement differential rating in order to take into account certain characteristics of the rateable land.

These characteristics include:

- ❖ The purpose for which the land is zoned under the town planning scheme in force;
- ❖ The predominant use for which the land is held or used as determined by the local government;
- ❖ whether or not the land is vacant land; or
- ❖ any other characteristic or combination of characteristics prescribed.

Differential rates may be applied according to any, or a combination of the above characteristics. However, local governments are constrained in the range of differential rates that they may impose. That is, a local government may not impose a differential rate which is more than twice the lowest differential rate applied by that local government unless approval from the Minister is sought.

**STATEMENT OF OBJECTS AND REASONS –DIFFERENTIAL RATES**

**GRV - Residential**

This category is applied to all properties with a land use that does not fall within any of the other categories in GRV. The rate reflects the level of rating required to raise revenue for the Council to operate efficiently and provide the diverse range of services and programs required for developed residential areas.

**GRV – Vacant**

This category is applied to residential land that has not been developed.

**GRV - Industrial /Residential**

This category is applied to all properties with an industrial land use which has the capacity for a caretaker's residence and is located in the industrial estate. The rate reflects the level of infrastructure required to maintain an industrial area and the ability of commercial property owners to utilise taxation benefits.

**GRV – Industrial/Residential Vacant**

This category is applied to all properties with an industrial land use which has not been developed. The rate reflects the level of infrastructure required to maintain an industrial area and the ability of commercial property owners to utilise taxation benefits.

**GRV - Commercial**

This category is applied to properties with a commercial land use and reflects the level of services to commercial operators and the ability of commercial property owners to utilise taxation benefits.

**GRV Rural Commercial**

This category is applied to properties of a commercial nature which are located outside of the town centre. The rate reflects the level of infrastructure and services provided to these properties and the ability of commercial property owners to utilise taxation benefits.

**GRV – Resort**

This category is applied to properties of a commercial nature which are established with the purpose of providing accommodation and activities to the tourism market. The rate reflects the level of infrastructure and services provided to these properties and the ability of commercial property owners to utilise taxation benefits.

**UV – General**

This category is applied to all properties which do not fall into one of the other UV categories and includes all unimproved land. The rate reflects a contribution towards built infrastructure and recognises that this infrastructure is used by all property owners.

**UV - Pastoral**

This category is applied to the pastoral properties and reflects the contribution required by pastoral properties for the facilities that are available to them in the Shire.

**UV - Mining**

This category applies to mining tenement leases and reflects the contribution required by mining to the maintenance of the Shire's assets and services to the extent that the mining operations use these assets.

**UV Exploration**

This category applies to mining exploration and applies until the exploration moves to the establishment of mining activities. This rates reflects the contribution to the maintenance of the Shire' assets and services.

**GRV Minimum**

The GRV minimum is considered to be the minimum contribution for basic infrastructure and services.

**UV Minimum**

The UV minimum is considered to be the minimum contribution for basic infrastructure and services.

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

<b>SHIRE OF SHARK BAY</b>	
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	
<b>(a) Basis of Preparation</b>	<p>The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.</p> <p>Except for cash flow and rate setting information, the budget has also 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.</p> <p><b>The Local Government Reporting Entity</b></p> <p>All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this budget.</p> <p>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.</p> <p>All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 16 to this budget document.</p>
<b>(b) 2015/16 Actual Balances</b>	<p>Balances shown in this budget as 2015/16 Actual are as forecast at the time of budget preparation and are subject to final adjustments.</p>
<b>(c) Rounding Off Figures</b>	<p>All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.</p>
<b>(d) Rates, Grants, Donations and Other Contributions</b>	<p>Rates, grants, donations and other contributions are recognised as revenues when the Shire obtains control over the assets comprising the contributions.</p> <p>Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.</p>
<b>(e) Goods and Services Tax (GST)</b>	<p>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).</p> <p>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.</p> <p>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.</p>
<b>(f) Superannuation</b>	<p>The Shire contributes to a number of superannuation funds on behalf of employees.</p> <p>All funds to which the Shire contributes are defined contribution plans.</p>
<b>(g) Cash and Cash Equivalents</b>	<p>Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.</p> <p>Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 - Net Current Assets.</p>

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

<b>Significant Accounting Policies cont.</b>									
<b>(h) Trade and Other Receivables</b>									
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.									
<b>(i) Inventories</b>									
<b>General</b>									
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.									
<b>Land Held for Resale</b>									
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 Council's intentions to release for sale.									
<b>(j) Fixed Assets</b>									
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.									
<b>Initial Recognition and Measurement between Mandatory Revaluation Dates</b>									
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 of the next anniversary date in accordance with the mandatory measurement framework detailed above.									
<b>Revaluation</b>									
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.									

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

<b>Significant Accounting Policies cont.</b>			
<b>Land Under Roads</b>			
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			
<b>Depreciation</b>			
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.			
Major depreciation periods used for each class of depreciable asset are:			
Buildings			10 to 50 years
Furniture and Equipment			5 to 10 years
Plant and Equipment			5 to 10 years
Heritage			25 to 100 years
Sealed Roads and Streets			
- Subgrade			Not Depreciated
- Pavement			80 to 100 years
- Seal	Bituminous Seals		15 to 22 years
	Asphalt Surfaces		30 years
Formed Roads (Unsealed)			
- Subgrade			Not Depreciated
- Pavement			18 years
Footpaths			40 to 80 years
Drainage Systems			
- Drains and Kerbs			20 to 60 years
- Culverts			60 years
- Pipes			80 years
- Pits			60 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 profit or loss in the period which they arise.			
<b>Capitalisation Threshold</b>			
Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.			

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

<b>Significant Accounting Policies cont.</b>									
<b>(k) Fair Value of Assets and Liabilities</b>									
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. 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 (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie 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.									
<b><i>Fair Value Hierarchy</i></b>									
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:									
<b>Level 1</b>									
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.									
<b>Level 2</b>									
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.									
<b>Level 3</b>									
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.									
<b><i>Valuation techniques</i></b>									
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:									
<b>Market approach</b>									
Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.									
<b>Income approach</b>									
Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.									

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

<b>Significant Accounting Policies cont.</b>
<b>Cost approach</b>
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 and 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.
The mandatory measurement framework imposed by the <i>Local Government (Financial Management) Regulations</i> requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.
<b>(l) Financial Instruments</b>
<b>Initial Recognition and Measurement</b>
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 (ie 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.
<b>Classification and Subsequent Measurement</b>
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or 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.
<b>(i) Financial assets at fair value through profit and loss</b>
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. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.
<b>(ii) Loans and receivables</b>
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.

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

<b>Significant Accounting Policies cont.</b>									
<i>(iii) Held-to-maturity investments</i>									
Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire management 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.									
<i>(iv) Available-for-sale financial assets</i>									
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.									
<i>(v) Financial liabilities</i>									
Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.									
<b>Impairment</b>									
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 has 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.									
<b>Derecognition</b>									
Financial assets are derecognised where the contractual rights for 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.									



## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

	<b>Significant Accounting Policies cont.</b>								
<b>(m)</b>	<b>Impairment of Assets</b>								
	In accordance with Australian Accounting Standards the Shire 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 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.								
	At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2017.								
	In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.								
<b>(n)</b>	<b>Trade and Other Payables</b>								
	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.								
<b>(o)</b>	<b>Employee Benefits</b>								
	<b>Short-Term Employee Benefits</b>								
	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.								
	<b>Other Long-Term Employee Benefits</b>								
	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 or 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.								

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

	<b>Significant Accounting Policies cont.</b>								
<b>(p)</b>	<b>Borrowing Costs</b>								
	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.								
<b>(q)</b>	<b>Provisions</b>								
	Provisions are recognised when the Shire has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.								
	Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.								
<b>(r)</b>	<b>Leases</b>								
	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.								
<b>(s)</b>	<b>Interests in Joint Arrangements</b>								
	Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.								
	Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.								
	Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 19.								
<b>(t)</b>	<b>Current and Non-Current Classification</b>								
	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.								

## MINUTES OF THE SPECIAL COUNCIL MEETING – 13 JULY 2016

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<b>Significant Accounting Policies cont.</b>									
<b>(u) Comparative Figures</b>									
Where required, comparative figures have been adjusted to conform with changes in presentation for the current budget year.									
<b>(v) Budget Comparative Figures</b>									
Unless otherwise stated, the budget comparative figures shown in this budget document relate to the original budget estimate for the relevant item of disclosure.									

### 5.0 **MEETING CLOSURE**

The President closed the Special Council meeting at 4.03 pm.