

SHIRE OF SHARK BAY MINUTES

10 August 2017

SPECIAL COUNCIL MEETING



SKIP JACK POINT – SHARK BAY



10 AUGUST 2017



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MINUTES OF THE SPECIAL COUNCIL MEETING

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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 Thursday 10 August 2017, commencing at 3.03 pm.

PURPOSE I advise that a special meeting of Council is called in accordance with Section 5.4 (a), (i) of the Local Government Act 1995, for the Adoption of Council's 2017/2018 Budget and consideration of Expression of Interest – Reserve 50101 Edel Location 106 – Monkey Mia.

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MINUTES OF THE SPECIAL COUNCIL MEETING

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1.0 DECLARATION OF OPENING

The President declared the special Council meeting open at 3.03 pm.

2.0 ATTENDANCES AND APOLOGIES

ATTENDANCES

Cr C Cowell President
Cr L Bellottie
Cr K Laundry
Cr G Ridgley

Mr P Anderson Chief Executive Officer
Ms A Pears Executive Manager Finance and Administration
Ms L Butterly Executive Manager Community Development
Mr B Galvin Works Manager
Mrs R Mettam Executive Assistant

APOLOGIES

Cr K Capewell Deputy President
Cr E Fenny

VISITORS

Nil

3.0 PUBLIC QUESTION TIME

The President opened public question time at 3.04pm and as there was no public present at the Special meeting the President closed public question time at 3.04pm.

4.0 ADOPTION OF THE 2017/2018 BUDGET

FM00005

Author

Executive Manager Finance and Administration

Disclosure of Any Interest

Nil

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Moved Cr Ridgley
Seconded Cr Laundry

Council Resolution

That Council suspend Standing Orders, clause 9.5 Limitation on number speeches to be suspended at 3.04 pm for open discussion on Council's 2017/2018 Budget.

4/0 CARRIED

Cr Ridgley left the Council Chamber at 5.05 pm
Cr Bellottie left the Council Chamber at 5.05pm
Cr Cowell left the Council Chamber at 5.07pm

Cr Bellottie returned to the Council Chamber at 5.07pm
Cr Ridgley returned to the Council Chamber at 5.09pm
Cr Cowell returned to the Council Chamber at 5.09 pm

Moved Cr Ridgley
Seconded Cr Laundry

Council Resolution

That Standing Orders be reinstated at 6.25 pm

4/0 CARRIED

Moved Cr Cowell
Seconded Cr Laundry

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. 2017/2018 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 2017 for 2017/2018 in accordance with Sections 6.32 and 6.33 of the Act:**

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Differential General Rates	2017/2018 Cents in the Dollar
GRV Residential	9.4627
GRV Residential Vacant	9.4627
GRV Commercial	9.7244
GRV Industrial/Residential	10.4714
GRV Industrial/Residential Vacant	9.4627
GRV Rural Commercial	9.8348
GRV Resort	10.3811
UV General	19.4257
UV Mining	26.4952
UV Pastoral	13.3037
UV Exploration	25.4752

2. **Adopt the following Minimum payments for the Shire of Shark Bay for 2017/2018 in accordance with Section 6.35 of the Act:**

Minimum Payment	2017/2018 Minimum Payment per Assessment
GRV Residential	\$825.00
GRV Residential Vacant	\$825.00
GRV Commercial	\$825.00
GRV Industrial/Residential	\$825.00
GRV Industrial/ Residential Vacant	\$515.00
GRV Rural Commercial	\$825.00
GRV Resort	\$825.00
UV General	\$860.00
UV Mining	\$860.00
UV Pastoral	\$860.00
UV Exploration	\$860.00

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3. **Adopt for 2017/2018 the Specified Area Rate of 3.3843 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;**
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 2017/2018 Budget;**
4/0 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 2017/18 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 \$(1,607,763);
- Statement of Cashflows which shows a level of cash held at the end of 2017/2018 of \$1,495,671;
- Rate setting statement showing the amount to be raised from General Rates as \$1,224,247 and an estimated carried forward amount from 2016/2017 of \$2,227,930;
- 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 Geoff Wardle Hypermarket Pty Ltd. The submission requests that "*In line with the Shires provision of no services to any site on Dirk Hartog Island we would appreciate the Councils consideration to including and capping shire rates for the*

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freehold land at the same rate as those proposed for GRV Residential and GRV Vacant by either providing a discount for this amount or creating a separate category if this is appropriate.”

Currently Hypermarket Pty Ltd is categorised as GRV Commercial. The submission focuses on remote properties and the level of services provided by the Shire. Therefore the constituent believes that they are being penalised should their category levy higher rates than those imposed in the GRV Residential category.

It should be noted that the Proposed Budget GRV Residential Rate is 9.4627 cents in the dollar and GRV Commercial is 9.7244 cents in the dollar.

PART B. 2017/2018 GENERAL CONDITIONS, CHARGES AND INTEREST

Moved Cr Ridgley

Seconded Cr Cowell

Council Resolution

That Council:

- 1. Impose no service charge on land for 2017/2018;**

- 2. Raise a charge of \$10.00 per instalment for 2017/2018 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. Single payment		Due Date: 25 September 2017
ii. Two instalments	First	Due Date: 25 September 2017
	Second	Due Date: 29 January 2018
iii. Four instalments	First	Due Date: 25 September 2017
	Second	Due Date: 27 November 2017
	Third	Due Date: 29 January 2018
	Four	Due Date: 2 April 2018

- 5. Not provide any discount for early payment of rates;**

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- 6. Grant an incentive for the payment of the 2017/2018 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 – Gift voucher of \$200 to be spent at any Shark Bay business;**
 - 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.**

4/0 CARRIED BY ABSOLUTE MAJORITY

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 2017/2018:

- First Prize – Gift voucher of \$500 to be spent at any Shark Bay business;
- Second Prize – Gift voucher of \$200 to be spent at any Shark Bay business;
- 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

Moved Cr Ridgley
Seconded Cr Laundry

Council Resolution

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 \$3,205 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 7.1514 cents in the dollar on the Unimproved Value Pastoral rate category in accordance with Section 6.47 of the**

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- 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 8.9474 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.**
- 4/0 CARRIED BY ABSOLUTE MAJORITY**

Comment

This part provides Council with an opportunity to consider any write off and concessions that it wishes to provide in 2017/2018. 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 a 1% decrease in the concession as provided for in the 2016/2017 budget to the Unimproved Value (UV) Pastoral and the Unimproved Value (UV) Exploration categories.

The concession included within the 2017/2018 proposed budget 7.1514 cents in the dollar for Unimproved Value Pastoral resulting in a net rate in the dollar of 6.1523 cents in the dollar and 8.9474 cents in the dollar for Unimproved Value Exploration resulting in a net rate in the dollar of 16.5278 cents in the dollar.

Please note that even though the differential rates for UV properties have been increased by 2% the concession has been decreased by 1% which has resulted in an overall increase for the eleven (11) UV Pastoral properties of \$2,056 which equates to a 5.72% increase against 2016/2017 rates levied and UV Exploration of \$3,514 which is a 3.70% increase compared to 2016/2017 rates levied.

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 waived again this year.

This part also provides the opportunity to waive 25% of the Yadgalah Aboriginal Corporation which commenced last year.

Last year the Council provided a concession to RAC Parks and Resorts due to the lands predominant use as a tourist resort and should be valued as GRV. This part provides the opportunity to provide the same concession of 95% to maintain equitable rates.

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This is a list of the Waivers and Concessions included in the proposed 2017/2018 Budget

Waivers or concessions							
Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2017/18 Budget \$	2016/17 Actual \$	Circumstances in which the waiver or concession is granted	Objects of the waiver or concession	Reasons for the waiver or concession
General Rate	Concession	44,150	44,150	44,596	UV Pastoral	To address the disparity between UV Rates	To provide equitable rates for properties in this category
General Rate	Concession	55,079	55,079	53,840	UV Exploration	To address the inequalities of the	To recognise that these properties are not in the production phase.
General Rate	Waiver	100%	3,205	3,142	Australian Wildlife Conservancy Faure Island -	To address anomalies in valuation system.	To recognise the use of the land as a landing point.
General Rate	Waiver	25%	1,033	1,008	Yadgalah Aboriginal Corporation	To address anomalies in the valuation system.	To recognise the use of the land is partly used for charitable purposes.
General Rate	Concession	95%	73,818	72,370	RAC Parks and Resorts	To address anomalies in the valuation system.	To provide equitable rates for property which should be valued as GRV due to its predominant use as a tourist resort.
			177,285	174,956			

PART D. 2017/2018 FEES AND CHARGES

Moved Cr Ridgley
 Seconded Cr Cowell

Council Resolution

That Council:

- 1. Adopt the 2017/2018 Schedule of Fees and Charges, with the inclusion of the previous year's jinker charges.**

4/0 CARRIED BY ABSOLUTE MAJORITY

Comment

This part recommends the adoption of the proposed fees and charges for 2017/2018 which Council has previously reviewed. The changes to this document since the review were the addition of the Monkey Mia Jetty fees and the Denham hardstand fees.

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PART E. 2017/2018 CAPITAL WORKS

Moved Cr Laundry
Seconded Cr Bellottie

Council Resolution

That Council:

- 1. Adopt the 2017/2018 Capital Works budget.
4/0 CARRIED BY ABSOLUTE MAJORITY**

Comment

This part recommends the adoption of the proposed capital works program for 2017/2018 which Council has previously reviewed. The document provides for those projects that are carry forwards from 2016/2017 which include the Refuse Tip Recycling, Recreation Grounds, Community Bus, Refurbishment of Old Jail and Stables.

PART F. ADOPTION OF THE 2017/2018 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 2017/2018 Budget document; and**
- 3. Adopt the 2017/2018 Budget for the Shire of Shark Bay as presented in the accompanying attachment.
4/0 CARRIED BY ABSOLUTE MAJORITY**

Comment

This part recommends the adoption of the 2017/2018 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 2016/2017 of \$1,227,930. This is an estimate only as the annual financial statements for

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2016/2017 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 \$640,581 and a transfer to reserves of \$429,050. 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 an operating loss for 2017/2018 of \$(1,607,763). However this includes the revenue from non-operating grants in accordance with accounting standards, loss of sale of assets and depreciation expense which is not funded.

The table below reflects the impact of these items in comparison to last year's budget and estimated actual.

	2017/18	2016/17	2016/17
	Budget	Actual	Budget
	\$	\$	\$
Total Comprehensive Income	(1,607,763)	1,604,550	353,584
Add Back Depreciation	1,689,050	1,658,916	1,785,230
Add Back Loss on Sale of Assets	53,802	636,124	553,457
	135,089	3,899,590	2,692,271
Less Non Operating Grants Subsidies and Contributions	(902,247)	(2,439,955)	(2,589,350)
	(767,158)	1,459,635	102,921
Add/Less Back FAGS 17-18 Received in Advance	986,341	(986,341)	0
Operating Profit after Adjustments	219,183	473,294	102,921

Taking these factors into consideration, the actual operating position of the Council is a profit of \$219,183 when adjusting for the financial assistance grant of \$986,341 received in advance. The increase between budgets is due largely to focusing on minimising expenditure for the 2017/2018 year.

From a cash flow perspective, it is expected that the cash position will decrease by \$2,509,972 in 2017/2018 as Council completes carry forward projects and current projects. It is expected that all projects in the capital

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works program will be completed in 2017/2018 provided funding is received as expected. The level of cash expected at the end of 2017/2018 is \$1,495,671 which is made up on working cash of \$468,952 and reserve cash of \$1,026,719.

Further details on the separate components of the 2017/2018 budget are included in the budget document.

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 2017/2018 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 2017/2018 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

A Pears

Chief Executive Officer

P Anderson

Date of Report

7 August 2017

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Mr Paul Anderson
CEO
Shire of Shark Bay
P O Box 126
Denham WA 6537

Hypermarket Pty Ltd
P O Box 107
North Fremantle
W A 6159
30 May 2017

Dear Paul,

Re: rating proposal 2017/18 Council Meeting May 31st

I have just downloaded the agenda for the Shire of Shark Bay council meeting for May 31, 2017 and noted that the above is included within the agenda. Although I have assumed that the same category as last year will be applied to the freehold areas owned by Hypermarket Pty Ltd. I would like to make comment as follows.

Whilst I am appreciative of the necessity for the Shire to raise funds from rating properties I am concerned that remote properties such as ours are being penalised and not recognised for their contribution to the tourist industry that underpins the entire destination when the services provided by the Shire are considered in context..... especially when the minutes state that the category classification is related to the level of services provided.

The explanatory wording below each of the following categories seems to me to be fraught with assumptions.

- a. 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 tax benefits
- b. 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.
- c. GRV Resort
This category is applied to properties of a commercial nature which are established with the purpose of providing accommodation 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 utilize taxation benefits

Each one of the above categories pre supposes or assumes that ventures undertaken in these areas or zones are profitable to the extent that there are substantial taxation benefits to be had in operating them; further that there must be some extra level of services provided by the Shire in servicing them when in fact in the case of the Hypermarket freehold on Dirk Hartog Island this is not the case.

Nothing could be further from the truth (re additional services) and whilst we choose to operate in this area we would appreciate the Shires concern and assistance in maintaining a low level of rating in areas such as ours as we assist in building tourist momentum for the region. We believe that there is a case to cap the rates charged

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on these island locations at the same rate as GRV Residential and GRV Vacant since there is no additional level of infrastructure or services provided by the Shire.

In our case particular case– being an island location- and I am assuming similarly with some of the other operators in such remote locations the following is relevant;

- a. only minimum if any services are received from the Shire – and we are not complaining in this regard. It is just a fact of life that we must continually deal with.
- b. Shark Bay and in particular Dirk Hartog Island is one of the most remote and expensive locations to operate in due to a multitude of factors;
 - i. The climatic conditions deem that maintenance exceeds all estimates with continual deterioration of all built facilities wrought by the salt air. In fact when operated as a sheep station it was accepted that fencing only had a life of 5-9 years as compared to 20 years in other locations.
 - ii. The necessity of providing our own transport over water for all supplies , services and guests. This is both an expensive and difficult task to deal with in the varying weather conditions of Shark Bay.
 - iii. The fact that Denham is a **destination location** for transport..... resulting in 'no competitive' freight possibilities either receiving or sending freight.
 - iv. The lack of competitive air access both state wise and locally meaning that air access and transport costs are much higher than most other locations.
 - v. The limited ability to recruit staff and keep them in such an isolated location for extended period results in higher costs in obtaining and maintaining staff.
 - vi. The necessity to provide staff accommodation - since commuting from Denham to DHI daily is totally prohibitive and is a cost not applicable in most other locations
 - vii. The continual compliance with rules and regulations in such a remote location as Dirk Hartog Island without electrical or mechanical services readily available at a moments notice to resolve any anomaly.
 - viii. The necessity to supply all of our own power requirements
 - ix. The necessity to deal with our own rubbish disposal
 - x. The necessity to provide our own water supplies

Operation costs in remote areas such as Shark Bay and in particular on Dirk Hartog Island far exceed those in other areas and in particular in Denham.

In terms of the above and in line with the Shires provision of no services to any site on Dirk Hartog Island we would appreciate the Councils consideration to including and capping shire rates for the freehold land at the same rate as those proposed for GRV Residential and GRV Vacant as included within the minutes for this meeting by either providing a discount for this amount or creating a separate category if this is appropriate.

With best regards.

Yours Sincerely

Geoff Wardle Hypermarket Pty Ltd

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SHIRE OF SHARK BAY

2017/18 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.

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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.

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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.

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SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1.	SIGNIFICANT ACCOUNTING POLICIES
(a)	Basis of preparation
	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 <i>Local Government Act 1995</i> 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.
	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.
	Critical accounting estimates
	The preparation of a budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.
	The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
	The local government reporting entity
	All funds through which the Shire of Shark Bay controls resources to carry on its functions have been included in the financial statements forming part of this budget.
	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 17 to the budget.
(b)	2016/17 actual balances
	Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.
(c)	Rounding off figures
	All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.
(d)	Comparative figures
	Where required, comparative figures have been adjusted to conform with changes in presentation for the current budget year.
(e)	Budget comparative figures
	Unless otherwise stated, the budget comparative figures shown in the budget relate to the original budget estimate for the relevant item of disclosure.

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1.	SIGNIFICANT ACCOUNTING POLICIES (Continued)
(f)	Forecast fair value adjustments
	All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.
	Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.
	It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.
(g)	Rates, grants, donations and other contributions
	Rates, grants, donations and other contributions are recognised as revenues when the Shire of Shark Bay obtains control over the assets comprising the contributions.
(h)	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.
	The Shire of Shark Bay contributes to a number of superannuation funds on behalf of employees.
	All funds to which the Shire of Shark Bay contributes are defined contribution plans.
(j)	Cash and cash equivalents
	Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.
	Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 - Net Current Assets.
(k)	Trade and other receivables
	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.
	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.

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY	
1.	SIGNIFICANT ACCOUNTING POLICIES (Continued)
(l)	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 resale
	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.
(m)	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 <i>Local Government (Financial Management) Regulations</i> were amended and the measurement of non-current assets at Fair Value became mandatory.
	During the year ended 30 June 2013, the Shire of Shark Bay 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 of Shark Bay 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.
	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 of Shark Bay 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.

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY												
NOTES TO AND FORMING PART OF THE BUDGET												
FOR THE YEAR ENDED 30 JUNE 2018												
1.	SIGNIFICANT ACCOUNTING POLICIES (Continued)											
(m)	Fixed assets (continued)											
	Revaluation											
	Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.											
	Land under roads											
	In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.											
	Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in <i>Australian Accounting Standard AASB 1051 Land Under Roads</i> and the fact <i>Local Government (Financial Management) Regulation 16(a)(i)</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, <i>Local Government (Financial Management) Regulation 16(a)(i)</i> prohibits local governments from recognising such land as an asset.											
	Whilst such treatment is inconsistent with the requirements of AASB 1051, <i>Local Government (Financial Management) Regulation 4(2)</i> provides, in the event of such an inconsistency, the <i>Local Government (Financial Management) Regulations</i> prevail.											
	Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire											

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1. SIGNIFICANT ACCOUNTING POLICIES (Continued)	
(m) 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.	
Major depreciation periods used for each class of depreciable asset are:	
Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 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.	

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1. SIGNIFICANT ACCOUNTING POLICIES (Continued)	
(n) Fair value of assets and liabilities	
When performing a revaluation, the Shire of Shark Bay uses a mix of both independent and management valuations using the following as a guide:	
Fair value is the price that the Shire of Shark Bay 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.	
<i>Fair value hierarchy</i>	
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.	
<i>Valuation techniques</i>	
The Shire of Shark Bay 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 of Shark Bay are consistent with one or more of the following valuation approaches:	

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1.	SIGNIFICANT ACCOUNTING POLICIES (Continued)
	(n) Fair value of assets and liabilities (continued)
	Market approach
	Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
	Income approach
	Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
	Cost approach
	Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.
	Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire of Shark Bay 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.
	(o) Financial instruments
	Initial recognition and measurement
	Financial assets and financial liabilities are recognised when the Shire of Shark Bay becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire of Shark Bay 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.
	Classification and subsequent measurement
	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.

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1.	SIGNIFICANT ACCOUNTING POLICIES (Continued)
(o)	Financial instruments (continued)
	The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.
<i>(i)</i>	<i>Financial assets at fair value through profit and loss</i> 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.
<i>(ii)</i>	<i>Loans and receivables</i> 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.
<i>(iii)</i>	<i>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 of Shark Bay 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)</i>	<i>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)</i>	<i>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.

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1.	SIGNIFICANT ACCOUNTING POLICIES (Continued)
	(o) Financial instruments (continued)
	<i>Impairment</i>
	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.
	<i>Derecognition</i>
	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 of Shark Bay 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.
	(p) Impairment of assets
	In accordance with Australian Accounting Standards the Shire of Shark Bay 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.

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1.	SIGNIFICANT ACCOUNTING POLICIES (Continued)
(p)	Impairment of assets (continued)
	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 2018.
	In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.
(q)	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 of Shark Bay 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.
(r)	Employee benefits
	Short-term employee benefits
	Provision is made for the Shire of Shark Bay's obligations for short-term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.
	The Shire of Shark Bay'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 of Shark Bay'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 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 of Shark Bay's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire of Shark Bay 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

10 AUGUST 2017

SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1.	SIGNIFICANT ACCOUNTING POLICIES (Continued)
(s)	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.
(t)	Provisions
	Provisions are recognised when the Shire of Shark Bay 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.
(u)	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 of Shark Bay, 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.
(v)	Investment in associates
	An associate is an entity over which the Shire of Shark Bay 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 of Shark Bay's share of net assets of the associate. In addition, the Shire of Shark Bay's share of the profit or loss of the associate is included in the
	The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire of Shark Bay'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.

MINUTES OF THE SPECIAL COUNCIL MEETING

10 AUGUST 2017

SHIRE OF SHARK BAY	
NOTES TO AND FORMING PART OF THE BUDGET	
FOR THE YEAR ENDED 30 JUNE 2018	
1.	SIGNIFICANT ACCOUNTING POLICIES (Continued)
(w)	Investment in associates (continued)
	Profits and losses resulting from transactions between the Shire of Shark Bay and the associate are eliminated to the extent of the Shire of Shark Bay's interest in the associate.
	When the Shire of Shark Bay's share of losses in an associate equals or exceeds its interest in the associate, the Shire of Shark Bay 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 of Shark Bay will resume recognising its share of these profits once its share of the profits equals the share of the losses not recognised.
(x)	Interests in joint arrangements
	Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.
	Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.
	Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Shark Bay'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 20.
(y)	Current and non-current classification
	In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Shark Bay's operational cycle. In the case of liabilities where the Shire of Shark Bay does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire of Shark Bay's intentions to

10 AUGUST 2017

Moved Cr Bellottie
Seconded Cr Ridgley

Council Resolution

That the meeting be closed to members of the public in accordance with section 5.23(2) of the Local Government Act 1995 for Council to discuss matters of a confidential nature.

4/0 CARRIED

5.0 EXPRESSION OF INTEREST RESERVE 50101 EDEL LOCATION 106
RES 50101

Author

Chief Executive Officer

Disclosure of Any Interest

Disclosure of Interest: Cr Ridgley

Nature of Interest: Impartiality Interest as I work off Monkey Mia Jetty

Moved Cr Bellottie
Seconded Cr Ridgely

Council Resolution

That the recommendation presented in the confidential report by the Western Australian Local Government Procurement Consultancy Service Evaluation Panel be considered.

4/0 CARRIED

Moved Cr Laundry
Seconded Cr Bellottie

Council Resolution

That the Shire of Shark Bay proceed to a Restricted Request for Tender process inviting Kimberley Outback Tours Pty Ltd to submit a tender. The standard of the Expression of Interest submitted by Kimberley Outback Tours Pty Ltd indicated an organisation with a strong understanding of the requirements, particularly within eco-tourism. The response demonstrated the required ability to undertake the project.

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The Evaluation Panel would seek further information regarding the aquaculture component and timelines for delivery in a subsequent process.

4/0 CARRIED

Moved Cr Ridgley
Seconded Cr Laundry

Council Resolution

That the meeting be reopened to the members of the public.

4/0 CARRIED

6.0 CLOSURE OF MEETING

As there was no further business the President closed the Special Council meeting at 6.50 pm.