

# SHIRE OF SHARK BAY UNCONFIRMED MINUTES

6 AUGUST 2020

## Special Council Meeting



STINGRAYS IN THE BAY

Credit: Nick Thake



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The unconfirmed 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 6 August 2020, commencing at 1.03 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*, to discuss and adopt the following reports:

- 1.** Adoption of the 2020/2021 Budget

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**1.0 DECLARATION OF OPENING**

The President declared the Special Council meeting open at 1.03 pm.

**2.0 ATTENDANCES AND APOLOGIES**

**ATTENDANCES**

Cr C Cowell	President
Cr L Bellottie	From 1.04 pm
Cr J Burton	
Cr M Smith	
Cr P Stubberfield	

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

**ABSENT**

Cr E Fenny	Deputy President
Cr G Ridgley	

**VISITORS**

1 Visitor in the Gallery

Cr Bellottie entered the Council Chamber at 1.04 pm

**3.0 PUBLIC QUESTION TIME**

The President opened public question time at 1.05 pm and as no question were put forward, the President closed public question time at 1.05 pm.

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**4.0 ADOPTION OF THE 2020/2021 BUDGET**  
FM00005

AUTHOR

Executive Manager Finance and Administration

DISCLOSURE OF ANY INTEREST

Nil

Moved            Cr Smith  
Seconded       Cr Burton

**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. 2020/2021 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 of 1 July 2020 for 2020/2021 in accordance with Sections 6.32 and 6.33 of the Act:

Differential General Rates	2020/2021 Cents in the Dollar
GRV Residential	10.2841
GRV Commercial	10.5685
GRV Industrial/Residential	11.3803
GRV Vacant	10.2841
GRV Rural Commercial	10.6884
GRV Industrial/Residential Vacant	10.2841
GRV Resort	11.2822
UV General	20.7088
UV Mining	28.2452
UV Pastoral	14.1824
UV Exploration	27.1579

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2. **Adopt the following Minimum payments for the Shire of Shark Bay for 2020/2021 in accordance with Section 6.35 of the Act:**

<b>Minimum Payment</b>	<b>2020/2021 Minimum Payment per Assessment</b>
<b>GRV Residential</b>	<b>\$876</b>
<b>GRV Commercial</b>	<b>\$876</b>
<b>GRV Industrial/Residential</b>	<b>\$876</b>
<b>GRV Vacant</b>	<b>\$876</b>
<b>GRV Rural Commercial</b>	<b>\$876</b>
<b>GRV Industrial/Residential Vacant</b>	<b>\$546</b>
<b>GRV Resort</b>	<b>\$876</b>
<b>UV General</b>	<b>\$735</b>
<b>UV Mining</b>	<b>\$920</b>
<b>UV Pastoral</b>	<b>\$920</b>
<b>UV Exploration</b>	<b>\$920</b>

3. **Adopt for 2020/2021 the Specified Area Rate of 3.048 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.**

**5/0 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 2020/2021 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 \$(1,391,862);
- Statement of Cashflows which shows a level of cash held at the end of 2020/2021 of \$3,415,975.
- Rate setting statement showing the amount to be raised from General Rates as \$1,379,185.
- 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, as rates have not increased the Minister released an order that the rates did not need to be advertised for 21 days prior to adoption.



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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 utilising 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 2020/2021:

- 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 Stubberfield  
Seconded       Cr Cowell

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 \$3,417 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 9.2695 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 10.1550 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.**

**5/0 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 2020/2021. 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.



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To keep in line with no increase in rates there has been no increase to concessions for the 2020/2021 draft budget.

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 be waived again this year.

This part also provides the opportunity to continue the waiving of 25% of the Yadgalah Aboriginal Corporation rates upon application.

This is a list of the Waivers and Concessions included in the proposed 2020/2021 Budget

<b>Waivers or Concessions</b>							
Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2020/2021 Budget	2019/2020 Actual	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession	
General Rate	Concession	\$57,226	\$57,226	\$57,226	UV Pastoral	To address the disparity between UV Rates	To provide equitable rates for properties in this category
General Rate	Concession	\$77,068	\$77,068	\$77,628	UV Exploration	To address the inequalities of the valuation system.	To recognise that these properties are not in the production phase
General Rate	Waiver	\$3,417	\$3,417	\$3,301	Australian Wildlife Conservancy Faure Island - Landing Only	To address the anomalies in the valuation system.	To recognise the use of the land as a landing point
General Rate	Waiver	25%	\$1,123	\$1,123	Yadgalah Aboriginal Corporation	To address anomalies in the valuation system	To recognise that the use of the land is partly used for charitable purposes.
			\$138,834	\$139,394			

#### **PART D. 2019/2020 FEES AND CHARGES**

Moved            Cr Burton  
Seconded       Cr Cowell

#### **Council Resolution**

**That Council:**

**1. Adopt the 2020/2021 Schedule of Fees and Charges.**

**5/0 CARRIED BY ABSOLUTE MAJORITY**

#### **Comment**

This part recommends the adoption of the proposed fees and charges for 2020/2021 which Council has previously reviewed.

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**PART E. 2020/2021 CAPITAL WORKS**

Moved            Cr Stubberfield  
Seconded       Cr Bellottie

**Council Resolution**

**That Council:**

- 1. Adopt the 2020/2021 Capital Works budget.**

**5/0 CARRIED BY ABSOLUTE MAJORITY**

**Comment**

This part recommends the adoption of the proposed capital works program for 2020/2021 which Council has previously discussed.

The capital works program has been significantly reviewed to reduce the impact on reserves in response to the current pandemic. The works program's major items relate to the Road Program and Plant replacement program.

**PART F. ADOPTION OF THE 2020/2021 BUDGET**

Moved            Cr Burton  
Seconded       Cr Smith

**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 2020/2021 Budget document; and**
- 3. Adopt the 2020/2021 Budget for the Shire of Shark Bay as presented in the accompanying attachment.**

**5/0 CARRIED BY ABSOLUTE MAJORITY**

**Comment**

This part recommends the adoption of the 2020/2021 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 2019/2020 of \$1,781,842. This is an estimate only as the annual financial statements for 2019/2020 have yet to be finalized and there may be some alteration to this final figure as part of this process.

The budget allows for a transfer from reserves of \$1,028,914 and a transfer to reserves of \$1,388,957. The transfer to reserves will provide for the securing of capital for future

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projects and renewal expenditure which will be required to ensure that Council's assets are maintained.

From a profit and loss perspective, the budget shows a comprehensive loss for 2020/2021 of \$(1,391,862). 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.

	2020/21 Budget	2019/20 Actual	2019/20 Amended Budget
Comprehensive Income	\$(1,391,862)	\$1,022,884	\$(1,663,158)
Less: Other comprehensive Income – Changes in revaluation of non current assets		\$(737,126)	
Less Grants Received in Advance included in Actual Only (Not Included in Budget as Decision made by Commission in June of each year)		\$(1,006,420)	
Comprehensive Income Adjusted for 2019/2020 Grant Received in Advance	<b>\$(1,391,862)</b>	<b>\$(720,662)</b>	<b>\$(1,663,158)</b>
Add Back depreciation	\$1,886,365	\$1,878,744	\$2,015,110
Add back loss on sale	\$139,310	\$40,273	\$66,878
	<b>\$633,813</b>	<b>\$1,198,355</b>	<b>\$418,830</b>
Less non-operating grants	\$(887,763)	\$(540,600)	\$(527,462)
	<b>(\$253,950)</b>	<b>\$ 657,755</b>	<b>(\$108,632)</b>
Add Grants received in advance	\$1,006,420	\$996,843	\$996,843
<b>Operating profit after adjustments</b>	<b>\$752,470</b>	<b>\$1,654,598</b>	<b>\$888,211</b>

Taking these factors into consideration, the actual budgeted operating position of the Council is a profit of \$752,470 when adjusting for the financial assistance grant of \$1,006,420 received in advance and adding back non cash items such as depreciation. As you will note due to the current pandemic unknown impact we have taken a conservative approach in constructing the budget resulting in less profit compared to previous years budget.

From a cash flow perspective, it is expected that the cash position will decrease by \$1,496,421 in 2020/2021 as Council completes carry forward projects and current projects.

It is expected that all projects in the capital works program will be completed in 2020/2021 provided funding is received as expected. The level of cash expected at the

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end of 2020/2021 is \$3,458,975 which is made up on working cash of \$176,581 and reserve cash of \$3,282,394.

Further details on the separate components of the 2020/2021 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 2020/2021 budget provides Council with the opportunity to continue to review its service levels and ongoing future maintenance requirement, while addressing the operational financial deficiency's, which highlights the reliance of Council on grant funding and the need to become more "self-sufficient" financially in the event that grant funding is not available in future years. This strategy, which began in 2018/2019, focuses on Council becoming more reliant on own sourced income in future years to fund the continuation of high quality services to the community and maintain its assets in a sustainable manner. As a result other Council revenue streams have been reviewed such as waste and recycling to lessen the financial impost upon the general rates income.

This budget and future budgets will also have to review all areas of required services and discretionary funding components of expenditure to ensure the operational and maintenance obligations of the shire are being attended to.

Strategic Implications

Outcome 7.2.2 Maintain accountability and financial responsibility in accordance with Long Term Financial Plan.

Risk Management

There is a high risk of not adopting the 2020/2021 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

*A Pears*  
*P Anderson*  
28 July 2020

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SHIRE OF SHARK BAY  
2020/2021 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.

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## **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.



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**BASIS OF PREPARATION**

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1996* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1061 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**THE LOCAL GOVERNMENT REPORTING ENTITY**

All funds through which the Shire of 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. #REF!

**2019/20 ACTUAL BALANCES**

Balances shown in this budget as 2019/20 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

**CHANGE IN ACCOUNTING POLICIES**

On the 1 July 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

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

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

**KEY TERMS AND DEFINITIONS - NATURE OR TYPE****REVENUES****RATES**

All rates levied under the *Local Government Act 1996*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

**SERVICE CHARGES**

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1996*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**PROFIT ON ASSET DISPOSAL**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**REVENUES (CONTINUED)****OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

**NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**FEES AND CHARGES**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

**INTEREST EARNINGS**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**OTHER REVENUE / INCOME**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

**EXPENSES****EMPLOYEE COSTS**

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

**MATERIALS AND CONTRACTS**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

**UTILITIES (GAS, ELECTRICITY, WATER, ETC.)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**INSURANCE**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**LOSS ON ASSET DISPOSAL**

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation and amortisation expense raised on all classes of assets.

**INTEREST EXPENSES**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

**OTHER EXPENDITURE**

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

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## KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

### OBJECTIVE

#### GOVERNANCE

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

#### GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

#### LAW, ORDER, PUBLIC SAFETY

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

#### HEALTH

To provide an operational framework for environmental and community health.

#### HOUSING

To provide and maintain housing for the elderly and staff.

#### COMMUNITY AMENITIES

To provide services required by the community.

#### RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

#### TRANSPORT

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

#### ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing

#### OTHER PROPERTY AND SERVICES

To monitor and control council's overhead operating accounts.

### ACTIVITIES

Expenses associated with the provision of services to members of council and elections.

Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues such as commission on Police Licensing. This also includes the costs associated with raising these revenues e.g. valuation expenses, debt collection and overheads.

Enforcement of Local Laws, fire prevention, animal control and the provision of ranger services.

Health inspection services, food quality control and mosquito control.

Provision and maintenance of rented housing accommodation for pensioners and employees.

Sanitation, stormwater drainage, protection of the environment, public conveniences, cemeteries and town planning.

Parks, gardens and recreation reserves, library services, television and radio re-broadcasting, swimming facilities, walk trails, youth recreation, Shark Bay World Heritage Discovery and Visitor Centre, foreshore, public halls and the Shark Bay Recreation Centre.

Construction and maintenance of roads, footpaths, drainage, parking facilities, traffic control, depot operations, marine facilities and street cleaning.

Tourism, community development, building services and private works.

Plant maintenance, administration, labour overheads and stock.



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**SIGNIFICANT ACCOUNTING POLICIES****CURRENT AND NON-CURRENT CLASSIFICATION**

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

**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.

**CONTRACT ASSETS**

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

**PROVISIONS**

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.

**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.

**Superannuation**

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.

**LEASE LIABILITIES**

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

**TRADE AND OTHER RECEIVABLES**

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

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

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

**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.

**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.

**CONTRACT LIABILITIES**

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

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#### SIGNIFICANT ACCOUNTING POLICES

##### CASH AND CASH EQUIVALENTS

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

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

##### FINANCIAL ASSETS AT AMORTISED COST

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

#### SIGNIFICANT ACCOUNTING POLICES

##### RECOGNITION OF ASSETS

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

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

#### SIGNIFICANT ACCOUNTING POLICES

##### GAINS AND LOSSES ON DISPOSAL

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.

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**SIGNIFICANT ACCOUNTING POLICIES****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.

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.

Major depreciation periods used for each class of depreciable asset are:

Buildings - non-sp 10 to 50 years

Buildings - special 10 to 50 years

Furniture and equ: 5 to 10 years

Plant and equipm: 5 to 10 years

Heritage Assets 25 to 100 years

Other property, plant and equipment [describe]

Other property, plant and equipment [describe]

Other property, plant and equipment [describe]

Other property, plant and equipment [describe]

Sealed Roads and Streets

- Subgrade Not Depreciated

- Pavement 80 to 100 years

- Seal - Bitumous 15 to 22 years

- Seal - Asphalt S 30 years

Formed Roads (Unsealed)

- Subgrade Not Depreciated

- Pavement 12 years

Footpaths 40 to 80 years

Drainage Systems

- Drains and Kert 20 to 60 years

- Culverts 60 years

- Pipes 80 years

- Pits 60 years

**SIGNIFICANT ACCOUNTING POLICIES****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.



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**SIGNIFICANT ACCOUNTING POLICIES**

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

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

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**SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION**

**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.

**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.

**ROUNDING OFF FIGURES**

All figures shown in this statement are rounded to the nearest dollar.

**COMPARATIVE FIGURES**

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

**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.

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**5.0    CLOSURE OF MEETING**

As there was no further business, the President closed the Special Council meeting at 1.46 pm.