



**MINUTES OF THE SPECIAL MEETING OF COUNCIL  
HELD ON 10 AUGUST 2010**

I hereby certify that the Minutes of the Special Meeting of Council held are a true and accurate record of the proceedings contained therein.

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**Shire President Confirmed**

**Date:** \_\_\_\_\_

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# SHIRE OF WYNDHAM EAST KIMBERLEY

## MINUTES

OF THE SPECIAL COUNCIL MEETING  
HELD ON, 10 AUGUST 2010, AT 6:00 PM

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### 1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Shire President declared the meeting open at 6:00pm.

### 2 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Cr F Mills	Shire President
Cr J Moulden	Deputy Shire President
Cr R Addis	Councillor
Cr D Ausburn	Councillor
Cr S Dessert	Councillor
Cr J McCoy	Councillor
Cr J Parker	Councillor
Cr K Wright	Councillor
G Gaffney	Chief Executive Officer
J Ellis	Director Corporate Services
N Kearns	Director Development Services
K Apperley	Director Community Development
J Ninyette	Town Planning Officer
K Tang	Town Planning Officer
R Morrall	Governance Support Officer
F Kuiper	Executive Assistant

### GALLERY

Nil

### APOLOGIES

Cr K Torres	Councillor
T Cheng	Director Infrastructure Services

### LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Nil

### **3 DECLARATION OF INTEREST**

- **Financial Interest - Nil**
- **Members Impartiality Interest - Nil**
- **Proximity Interest - Nil**

## 4 BUSINESS OF MEETING

### 4.1 Adoption of 2010/11 Budget

<b>DATE:</b>	10 August 2010
<b>PROPONENT:</b>	Shire of Wyndham East Kimberley
<b>LOCATION:</b>	N/A
<b>AUTHOR:</b>	Jo-Anne Ellis, Director Corporate Services
<b>REPORTING OFFICER:</b>	Jo-Anne Ellis, Director Corporate Services
<b>FILE NO:</b>	61.21.07
<b>ASSESSMENT NO:</b>	N/A

The Shire President invited the Chief Executive Officer, Gary Gaffney, to address the meeting in regard to the Annual Budget:

“Thank you Fred. Good evening Councillors and staff. I wish to start by thanking the Director Corporate Services, Jo-Anne Ellis, for her commitment to the budget process and her dedication to the production of the documentation. I also thank the other Directors, Karyn Apperley, Nick Kearns, Tony Cheng and their staff who have contributed to the budget process.

This budget will see Council enter a period of consolidation where we focus on completing a capital works program and externally funded projects in the prescribed timeframes. We need to reduce the bow wave of capital works and catch up on overdue maintenance. We will focus on systems improvement and adequately resourcing the organisation to complete works, whether it be information technology, staffing or plant resources. We have made a commitment to maintaining Rates at acceptable levels.

I look forward to reporting our progress as we deliver the capital works program and the externally funded projects. I look forward to reporting that we have reduced or indeed eliminated the bow wave of capital project and have improved our maintenance programs. I look forward to demonstrating our systems improvements and realising the benefits of adequately resourcing staff.

I believe that the Budget you are being asked to adopt this evening is an important part of achieving these goals.”

#### **PURPOSE**

For Council to adopt the 2010/11 Budget.

#### **BACKGROUND**

The proposed 2010/11 Budget as presented is in accordance with the priorities determined by Councillors at the Budget Workshops held on 27 April, 15 July 2010, 27 July 2010, 2 August 2010, 9 August 2010 and discussions at Council Briefing Session on 22 June 2010.

## **STATUTORY IMPLICATIONS**

Local Government Act 1995

Part 6 Financial Management

Division 2 – Annual Budget

6.2. Local government to prepare annual budget.

- (1) *During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt\*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.*

*\* Absolute majority required.*

- (2) *In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of —*
  - (a) *the expenditure by the local government;*
  - (b) *the revenue and income, independent of general rates, of the local government; and*
  - (c) *the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.*
- (3) *For the purposes of subsections (2)(a) and (b) all expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.*
- (4) *The annual budget is to incorporate —*
  - (a) *particulars of the estimated expenditure proposed to be incurred by the local government;*
  - (b) *detailed information relating to the rates and service charges which will apply to land within the district including —*
    - (i) *the amount it is estimated will be yielded by the general rate; and*
    - (ii) *the rate of interest (if any) to be charged by the local government on unpaid rates and service charges;*
  - (c) *the fees and charges proposed to be imposed by the local government;*
  - (d) *the particulars of borrowings and other financial accommodation proposed to be entered into by the local government;*
  - (e) *details of the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used;*
  - (f) *particulars of proposed land transactions and trading undertakings (as those terms are defined in and for the purpose of section 3.59) of the local government; and*
  - (g) *such other matters as are prescribed.*
- (5) *Regulations may provide for —*

- (a) *the form of the annual budget;*
- (b) *the contents of the annual budget; and*
- (c) *the information to be contained in or to accompany the annual budget.*

There are also numerous other sections of the Local Government act 1995 and Local Government (Financial Management) Regulations 1996 that deal with specific parts of the Annual Budget. Where possible these sections and/or regulations have been specifically mentioned in the relevant recommendation.

### **POLICY IMPLICATIONS**

Council Policy F7 – Significant Accounting Policies  
CP/FIN-3200 – Strategic Rating Policy

### **FINANCIAL IMPLICATIONS**

The 2010/11 Budget is the primary tool for Council to manage its financial resources for 2010/11.

### **STRATEGIC IMPLICATIONS**

The proposed 2010/11 Budget provides the funding required for the implementation for the Shire's Strategic Plan. This budget enables Council to progress their strategic direction in a sustainable means.

### **COMMENT**

The 2010/11 Budget has been compiled based on the outcomes from the Budget Workshops attended by Councillors and Staff, previous Council resolutions, community requests received during the year and various statutory requirements of the Local Government Act 1995 and related Local Government (Financial Management) Regulations 1996.

This budget has been framed around completion of significant projects started in the 2009/10 budget and carried forward works. The Shire has also continued its commitment to maintain a balanced budget, therefore ensuring the prudent management of ratepayer's funds.

### ***Impact on Rates***

It is important that Council keeps rate increases in line with the increasing costs of service delivery, ensuring service levels are not eroded as overall costs continue to increase.

Council adopted a Strategic Rates Review Report in April 2010. This report details the legislative framework, current rating practices, principals of rating, alternate rating structures and recommendations for change. The report identified that there was scope to increase the rates in the dollar for UV Mining and UV Pastoral when comparing the rate in the dollar raised by the Shire of Wyndham East Kimberley to neighbouring Councils and to merge two similar rates relating to UV Rural Agriculture.

Council also adopted a Strategic Rating Policy in April 2010. The policy identifies GRV and UV Differential Rates on the following basis:

- GRV Town site, properties in gazetted town sites.
- GRV Other, Discounted GRV rate for GRV rated properties outside gazetted town sites.
- UV Rural Residential, lifestyle property on a small rural holding with close proximity to an urban centre.
- UV Pastoral, properties under a pastoral lease valuation.
- UV Mining, Mining Tenements
- UV Other, UV properties that do not fit into category above, generally agriculture.

The policy includes transitional provisions for properties currently rated as UV Rural Agriculture 1 and UV Rural Agriculture 2 to transition these two rate codes to the same value and levy the rates as UV Other.

A general rates increase of 5.5% is recommended with variation to this to align previous rating levels to Councils Strategic Rating Policy.

- GRV Town Sites - increase by 5.5%.
- GRV Other - equal to the GRV Town Sites rate discounted to 80%.
- UV Pastoral and UV Mining - increase by 10%, this is greater than the general rate increase to progress the implementation of the Strategic Rates Review Report recommendations.
- UV Rural Residential - 5.5% increase on the current rate code UV Rural Living.
- UV Rural Agriculture 2 – no change as this is the higher of the two Rural Agriculture rate in the dollars.
- UV Rural Agriculture 1 – 10% increase to commence transition to UV Other.
- UV Other – a rate half way between UV Rural Agriculture 1 and UV Rural Agriculture 2.
- Minimum rates increase by 5.5% rounded to \$830.00 for all except UV Mining.
- UV Mining minimum rate increase by 10% to \$1,100.00.

### ***Fees and Charges***

The structure of Councils fees and charges has been amended to define Council versus Statutory charges, provide clarity in fee descriptions and definitions, improve categorisation of charges and equity in the application of concessions and bonds for facility and equipment hire.

This review and restructure has seen the inclusion of new fees in relation to the provision of information, and removed fees where it has been deemed the activities are sufficiently resourced in the community that they are no longer required to be provided by Council. (eg: plant hire).

The majority of Fees and Charges have been increased by CPI or have remained the same, however there are some exceptions.

Town Planning and Regional Development charges have been audited in relation to statutory charges and have increased to the maximum charge permissible under the legislation.

Community and Recreation Facilities and Services charges have been restructured to provide a clear distinction between charges where a concession is considered appropriate, and better defined the facility and/or equipment being utilised. The fee structure that has been applied provides consistency between facilities and activities, which has resulted varying increases (up to 10%) and decreases (up to 20%).

Airport Passenger and Landing fees have remained the same.

### ***Salaries and Wages***

Total Employee Costs which include Gross Salaries and Wages, Payroll Allowances, Superannuation, Non-Payroll Allowances, Workers Compensation Insurance, Fringe Benefits Tax, Recruitment and Relocation Expenses, Conferences and Training, Protective Clothing and Uniforms is budgeted at \$7,531,772.

Salaries and Wages, being Gross Salaries and Wages and Payroll Allowances have increase by \$869,101 (16%) from Budget Salaries and Wages for 2009/10 of \$5,288,260 to \$6,157,361 in 2010/11.

This increase is due to a number of factors including impact of the new Collective Workplace Agreement for non contract staff of 4% and pay increases for contract staff averaging at 4%. The effect of the 4% increase is estimated at \$165K. Expected impact of a \$2,000 increase in East Kimberley Allowance in the new Collective Workplace Agreement for non contract staff is \$113K.

Increase in benefits to some contract staff to align packages to officers of a similar level within the organisation has resulted in an expected increase of \$48K.

New / restructured positions included in the 2010/11 budget account for the balance of the increase:

- Governance Support Officer – Minutes and Agendas officer and support to Chief Executive Officer.
- Team Leader Records – To increase focus of organisation of record keeping and compliance with record keeping requirements.
- Information Technology Officer – To provide much needed additional IT support as the number of staff, computers and remote locations grow.
- Community Development Officer – To increase the capacity of the Shire to continue to support and develop community programs and events for a growing community.
- Trainee Youth Officer Kununurra – To support existing youth officers to deliver programs for youth.
- Town Planner – Continuation of role established in 2009/10 to support growth in town planning.
- Manager Infrastructure – To provide capacity to complete East Kimberley Development Program projects.

## ***Borrowings***

Council is budgeting to draw down one loan during the 2010/11 financial year.

\$550,000 as balance of funding for Wyndham Staff Housing to enable a 3x 1 dual key accommodation to be built in Wyndham. A ten year loan is recommended in this budget.

## **ATTACHMENTS**

Attachment 1: Current Policy F7 – Significant Accounting Policies

Attachment 2: Proposed Policy CP/FINxxxx-Significant Accounting Policies

Attachment 3: Application for Rates Waiver under Council's Strategic Rating Policy (CP/FIN-3200)

Attachment 4: Budget Document (under separate cover)

Attachment 5: Fees and Charges (under separate cover)

## **VOTING REQUIREMENT**

Absolute Majority for each recommendation

Each recommendation must be dealt with individually

## **RECOMMENDATIONS**

### ***Adoption of GRV and UV Valuations***

The valuation schedule for the 2010/11 year is included in the budget document at note "8 Rating Information". Total rateable values of \$267,885,849 up from \$217,189,518 in 2009/10 apply to the Shire of Wyndham East Kimberley for 2010/11.

The increase of \$50,696,331 is represented by \$26,715,537 from the annual UV revaluation \$22,515,982 from GRV revaluation and \$1,464,812 from interim valuations processed during 2009/10 resulting from subdivisions and other changes to the value of properties due to improvements or removal of improvements.

The GRV values were previously values held as at August 2005 valuation (unless subject to interim valuation) and increase of 65% increase in GRV values was reported by the Valuer Generals Office. UV Pastoral Leases increase in value by 297%.

### **RECOMMENDATION 1**

That

- a) The valuation schedule for the 2010/11 year included in the budget document at note "8 Rating Information" be adopted with total rateable values of \$267,885,849 to apply to the Shire of Wyndham East Kimberley for 2010/11.
- b) Council imposes general and differential rate on rateable land within the district for the 2010/11 financial year using the valuation schedule set out in note 8 Rating Information as the basis for the 2010/11 budget rating calculations.

**COUNCIL DECISION**

**Minute No. 9228**

**Moved: Cr J Moulden**

**Seconded: Cr K Wright**

**That**

- a) **The valuation schedule for the 2010/11 year included in the budget document at note "8 Rating Information" be adopted with total rateable values of \$267,885,849 to apply to the Shire of Wyndham East Kimberley for 2010/11.**
- b) **Council imposes general and differential rate on rateable land within the district for the 2010/11 financial year using the valuation schedule set out in note 8 Rating Information as the basis for the 2010/11 budget rating calculations.**

**Carried by Absolute Majority 8/0**

***Differential Rates – Consideration of Submissions***

Before Council can impose differential rates in the dollar, Council must advertise the proposed differential rate for a minimum period of 21 days. The advertising period allows ratepayers the ability to consider the proposed rates in the dollar and make any submissions prior to Council adopting the proposed rates as part of the budget adoption process.

Additionally, under the Local Government Act, Council must seek permission from the Minister of Local Government to raise the differential rate where the highest differential rate is more than twice the lowest differential rate.

The Shire of Wyndham East Kimberley has historically imposed differential rates that include a rate that is more than twice the lowest differential rate category, with the approval of the Minister.

At the Ordinary Council Meeting on 22 June 2010 Council passed the following resolution:

- 1. *Council endorse and arrange to be advertised for 21 days the following proposed Rate in the Dollar and Minimum Rate for 2010/11.*

	<i>Cents in the dollar</i>	<i>Min Rate \$</i>
GRV - Townsites	11.8417	830.00
GRV - Other	9.4734	830.00
UV - Rural Agricultural 1	0.4872	830.00
UV - Rural Agricultural 2	0.5729	830.00
UV - Rural Residential	0.7117	830.00

UV - Pastoral	9.1488	830.00
UV - Mining	11.4675	1,055.00
UV - Other	.5300	830.00

2. *That the Minister for Local Government's approval be sought for the imposing of differential rates which are more than twice the lowest differential general rate, in accordance with S6.33(3) of the local Government Act, 1995 and to impose a minimum charge on UV Mining Category that results in over 50% of the differential rating category being rated a minimum rate.*

A Public Notice pursuant to Section 6.36(1) of the Local Government Act 1995 was published in the Kimberley Echo on 1 July 2010. Submissions from electors and ratepayers were invited up to 4.00pm on 22 July 2010. No submissions were received.

Ministerial approval from the Department of Local Government and Regional Development has been sought and the indication at the time of writing this agenda is that approval will be provided prior to the adoption of the budget.

A UV and GRV revaluation has been received since the meeting of 22 June 2010 and the advertising of the proposed rates in the dollar and minimum rates.

To raise the same quantum of revenue from each rate code as would have been raised prior to the revaluation the recommended rates have been amended accordingly.

## **RECOMMENDATION 2**

That Council note a public consultation process in relation to proposed differential rates for 2010/11 was conducted and that no submissions were received.

### **COUNCIL DECISION**

**Minute No. 9229**

**Moved: Cr J Moulden**

**Seconded: Cr K Wright**

***That Council note a public consultation process in relation to proposed differential rates for 2010/11 was conducted and that no submissions were received.***

***Carried by Absolute Majority 8/0***

### ***Setting of GRV Differential Rate***

The 2009/10 adopted GRV rate was 11.2244¢ in the dollar. This general rate applied to all GRV rated properties. As a result of adoption of CP/FIN-3200 Strategic Rating Policy in April 2010 GRV rates will now be differentially rated.

The recommended 5.5% rate increase and impact of revaluation results in the new GRV rate of in the dollar of 7.1200¢ in the dollar for GRV – Townsite. The discounted rate for GRV Other is 80% of the townsite rate being 5.6960¢ in the dollar

These rates differ from those advertised in the Differential Rating Notice pursuant to Section 6.36(1) of the Local Government Act 1995 due to the increase in GRV valuations uploaded to the rates database following the resolution of Council to advertise.

### **RECOMMENDATION 3**

That differential rates in the dollar of:

GRV - Townsite	7.1200¢
GRV – Other	5.6960¢

for GRV rated properties for the 2010/11 year be adopted.

### **COUNCIL DECISION**

**Minute No. 9230**

**Moved: Cr J Moulden**

**Seconded: Cr K Wright**

**That differential rates in the dollar of:**

<b>GRV - Townsite</b>	<b>7.1200¢</b>
<b>GRV – Other</b>	<b>5.6960¢</b>

**for GRV rated properties for the 2010/11 year be adopted.**

**Carried by Absolute Majority 8/0**

### **Setting of UV Differential Rates**

The 2009/10 adopted UV rates in the dollar were:

UV – Rural Agriculture 1	0.4429¢
UV – Rural Agriculture 2	0.5729¢
UV – Rural Living	0.6746¢
UV – Mining	10.4250¢
UV – Pastoral	8.3171¢

It is recommended that in respect to total rates raised

- UV Pastoral and UV Mining - increase by 10%, an amount greater than the general rate increase to progress the implementation of the Strategic Rates Review Report recommendations.

- UV Rural Residential - 5.5% increase on the current rate code UV Rural Living.
- UV Rural Agriculture 2 – no change as this is the higher of the two Rural Agriculture rate in the dollars.
- UV Rural Agriculture 1 – 10% increase to commence transition to UV Other.
- UV Other – a rate half way between UV Rural Agriculture 1 and UV Rural Agriculture 2.

Taking into account the total rates to be raised and the impact of the revaluation the following rates in the dollar are recommended for 2010/11

UV – Rural Agriculture 1	0.4826¢
UV – Rural Agriculture 2	0.4321¢
UV – Rural Residential	0.6997¢
UV – Other	0.4574¢
UV – Mining	9.1090¢
UV – Pastoral	1.8299¢

These rates differ from those advertised in the Differential Rating Notice pursuant to Section 6.36(1) of the Local Government Act 1995 due to the increase in UV valuations uploaded to the rates database following the resolution of Council to advertise.

#### **RECOMMENDATION 4**

That differential rates in the dollar of:

UV – Rural Agriculture 1	0.4826¢
UV – Rural Agriculture 2	0.4321¢
UV – Rural Residential	0.6997¢
UV – Other	0.4574¢
UV – Mining	9.1090¢
UV – Pastoral	1.8299¢

for UV rated properties for the 2010/11 year be adopted.

**COUNCIL DECISION**

**Minute No. 9231**

**Moved: Cr J Moulden  
Seconded: Cr K Wright**

**That differential rates in the dollar of:**

<b>UV – Rural Agriculture 1</b>	<b>0.4826¢</b>
<b>UV – Rural Agriculture 2</b>	<b>0.4321¢</b>
<b>UV – Rural Residential</b>	<b>0.6997¢</b>
<b>UV – Other</b>	<b>0.4574¢</b>
<b>UV – Mining</b>	<b>9.1090¢</b>
<b>UV – Pastoral</b>	<b>1.8299¢</b>

**for UV rated properties for the 2010/11 year be adopted.**

**Carried by Absolute Majority 8/0**

**Setting of Minimum GRV Rate**

The 2009/10 adopted GRV Minimum rate was \$788.00. To remain consistent with the rate in the dollar increase a 5.5% increase to \$830.00 is recommended.

**RECOMMENDATION 5**

That the minimum rate of:

<b>GRV - Townsite</b>	<b>830.00</b>
<b>GRV – Other</b>	<b>830.00</b>

For GRV properties for 2010/11 year be adopted.

**COUNCIL DECISION**

**Minute No. 9232**

**Moved: Cr J Moulden  
Seconded: Cr K Wright**

**That the minimum rate of:**

<b>GRV - Townsite</b>	<b>830.00</b>
<b>GRV – Other</b>	<b>830.00</b>

**For GRV properties for 2010/11 year be adopted.**

**Carried by Absolute Majority 8/0**

**Setting of Minimum UV Rate**

The 2009/10 adopted UV Minimum rate was \$788.00 on all UV properties except Mining Tenements which had a minimum of \$1,000.00

The following increase in minimum rates is recommended

- UV (except Mining) increase by 5.5% rounded to \$830.00
- UV Mining minimum rate increase by 10% to \$1,100.00.

**RECOMMENDATION 6**

That Minimum rates of:

UV – Rural Agriculture 1	830.00
UV – Rural Agriculture 2	830.00
UV – Rural Residential	830.00
UV – Other	830.00
UV – Mining	1,100.00
UV – Pastoral	830.00

for UV rated properties for the 2010/11 year be adopted

**COUNCIL DECISION**

**Minute No. 9233**

**Moved: Cr J Parker**

**Seconded: Cr S Dessert**

**That Minimum rates of:**

<b>UV – Rural Agriculture 1</b>	<b>830.00</b>
<b>UV – Rural Agriculture 2</b>	<b>830.00</b>
<b>UV – Rural Residential</b>	<b>830.00</b>
<b>UV – Other</b>	<b>830.00</b>
<b>UV – Mining</b>	<b>1,100.00</b>
<b>UV – Pastoral</b>	<b>830.00</b>

**for UV rated properties for the 2010/11 year be adopted.**

**Carried by Absolute Majority 8/0**

### ***Rating Zone Categories***

It is recommended that rating zone categories consistent with CP-FIN/3200 Strategic Rating Policy are adopted.

### **RECOMMENDATION 7**

That Council adopt, for the purpose of general and differential rating, the following rate zone categories for 2010/11:

#### Townsites

Includes all properties within the 'townsite' zone as defined in Town Planning Scheme 7 - Kununurra & Environs, and Town Planning Scheme 6 - Wyndham

#### Other

Includes all properties that don't meet the criteria of any other rate zoning category

#### Rural Agricultural 1

Includes all properties within the 'Rural Agricultural 1' zone as defined in Town Planning Scheme 7 - Kununurra & Environs

#### Rural Agricultural 2

Includes all properties within the 'Rural Agricultural 2' zone as defined in Town Planning Scheme 7 - Kununurra & Environs

#### Rural Residential

Includes all properties within the 'Rural Living' zone as defined in Town Planning Scheme 7 - Kununurra & Environs and all properties within the 'Special Rural' zone as defined in Town Planning Scheme 6 - Wyndham

#### Mining

Includes all properties that currently operate under a mining lease tenure.

#### Pastoral

Includes all properties that currently operate under a pastoral lease tenure

**COUNCIL DECISION**

**Minute No. 9234**

**Moved: Cr J Moulden**

**Seconded: Cr R Addis**

**That Council adopt, for the purpose of general and differential rating, the following rate zone categories for 2010/11:**

**Townsites**

**Includes all properties within the 'townsite' zone as defined in Town Planning Scheme 7 - Kununurra & Environs, and Town Planning Scheme 6 - Wyndham**

**Other**

**Includes all properties that don't meet the criteria of any other rate zoning category**

**Rural Agricultural 1**

**Includes all properties within the 'Rural Agricultural 1' zone as defined in Town Planning Scheme 7 - Kununurra & Environs**

**Rural Agricultural 2**

**Includes all properties within the 'Rural Agricultural 2' zone as defined in Town Planning Scheme 7 - Kununurra & Environs**

**Rural Residential**

**Includes all properties within the 'Rural Living' zone as defined in Town Planning Scheme 7 - Kununurra & Environs and all properties within the 'Special Rural' zone as defined in Town Planning Scheme 6 - Wyndham**

**Mining**

**Includes all properties that currently operate under a mining lease tenure.**

**Pastoral**

**Includes all properties that currently operate under a pastoral lease tenure**

**Carried by Absolute Majority 8/0**

**Waste Avoidance and Resource Recovery Act 2007 - Waste Charges**

The charges levied under the Health Act in 2009/10 were \$350 per annum per service of 240-litre capacity and \$160 per annum Waste Management Levy to Rural Ag 1 & 2 properties and Rural Living properties with a constructed residence.

Resulting from the Strategic Rates Review it was determined that the correct legislation to raise these charges under is in fact the Waste Avoidance and Resource Recovery Act 2007.

Section 6.35 (4) of the LG Act provides that approval is required to impose a minimum payment on more than 50% of separately rated properties however, Part 5 Local Govt Financial Management Regulations 1986 states that this requirement does not need to be met if the minimum payment is under \$200.

### **RECOMMENDATION 8**

That Waste Management Charge levied under Section 66 of the Waste Avoidance and Resource Recovery Act 2007 at rates in the dollar of:

GRV - Townsite	0.0001¢
GRV – Other	0.0001¢
UV – Rural Agriculture 1	0.0001¢
UV – Rural Agriculture 2	0.0001¢
UV – Rural Residential	0.0001¢
UV – Other	0.0001¢
UV – Mining	0.0001¢
UV – Pastoral	0.0001¢

for the 2010/11 year be adopted.

### **COUNCIL DECISION**

**Minute No. 9235**

**Moved: Cr K Wright**

**Seconded: Cr J Parker**

**That Waste Management Charge levied under Section 66 of the Waste Avoidance and Resource Recovery Act 2007 at rates in the dollar of:**

<b>GRV - Townsite</b>	<b>0.0001¢</b>
<b>GRV – Other</b>	<b>0.0001¢</b>
<b>UV – Rural Agriculture 1</b>	<b>0.0001¢</b>
<b>UV – Rural Agriculture 2</b>	<b>0.0001¢</b>
<b>UV – Rural Residential</b>	<b>0.0001¢</b>
<b>UV – Other</b>	<b>0.0001¢</b>
<b>UV – Mining</b>	<b>0.0001¢</b>
<b>UV – Pastoral</b>	<b>0.0001¢</b>

**for the 2010/11 year be adopted.**

**Carried by Absolute Majority 8/0**

## RECOMMENDATION 9

That the minimum rate to apply to Waste Management Charge levied under Section 66 of the Waste Avoidance and Resource Recovery Act 2007of:

GRV - Townsite	170.00
GRV – Other	170.00
UV – Rural Agriculture 1	170.00
UV – Rural Agriculture 2	170.00
UV – Rural Residential	170.00
UV – Other	170.00
UV – Mining	170.00
UV – Pastoral	170.00

for 2010/11 year be adopted.

### **COUNCIL DECISION**

**Minute No. 9236**

**Moved: Cr S Dessert**

**Seconded: Cr K Wright**

**That the minimum rate to apply to Waste Management Charge levied under Section 66 of the Waste Avoidance and Resource Recovery Act 2007of:**

<b>GRV - Townsite</b>	<b>170.00</b>
<b>GRV – Other</b>	<b>170.00</b>
<b>UV – Rural Agriculture 1</b>	<b>170.00</b>
<b>UV – Rural Agriculture 2</b>	<b>170.00</b>
<b>UV – Rural Residential</b>	<b>170.00</b>
<b>UV – Other</b>	<b>170.00</b>
<b>UV – Mining</b>	<b>170.00</b>
<b>UV – Pastoral</b>	<b>170.00</b>

**for 2010/11 year be adopted.**

**Carried by Absolute Majority 8/0**

## RECOMMENDATION 10

That a Waste Receptacle Charge of \$200.00 levied under Section 67 of the Waste Avoidance and Resource Recovery Act 2007 apply to the first waste receptacle service on all properties provided with a waste receptacle collection service.

### **COUNCIL DECISION**

**Minute No. 9237**

**Moved: Cr D Ausburn**

**Seconded: Cr K Wright**

***That a Waste Receptacle Charge of \$200.00 levied under Section 67 of the Waste Avoidance and Resource Recovery Act 2007 apply to the first waste receptacle service on all properties provided with a waste receptacle collection service.***

***Carried by Absolute Majority 8/0***

## RECOMMENDATION 11

That a Waste Receptacle Charge of \$407.00 (including GST) levied under Section 67 of the Waste Avoidance and Resource Recovery Act 2007 apply to each and every additional waste receptacle service on all properties provided with a waste receptacle collection service in addition to the first waste receptacle collection service.

### **COUNCIL DECISION**

**Minute No. 9238**

**Moved: Cr D Ausburn**

**Seconded: Cr J Moulden**

***That a Waste Receptacle Charge of \$407.00 (including GST) levied under Section 67 of the Waste Avoidance and Resource Recovery Act 2007 apply to each and every additional waste receptacle service on all properties provided with a waste receptacle collection service in addition to the first waste receptacle collection service.***

***Carried by Absolute Majority 8/0***

### **Payment Instalment Options**

A local government is required to provide its ratepayers with an option to pay a rate or service charge:

- (a) In full
- (b) by 4 equal or nearly equal instalments
- (c) by such other method of payment by instalments as is set forth in the local government's annual budget.

### **RECOMMENDATION 12**

That Council adopt the instalment plan options, being:

- (a) To pay in full within 35 days of service of the rates notice.
- (b) To pay by 2 equal instalments as under.
  - (i) 50% of the rates within 35 days
  - (ii) 50% of the rates within 4 months of (i)
- (c) To pay by 4 equal instalments as under.
  - (i) 25% of the rates within 35 days
  - (ii) 25% of the rates within 2 months of (i)
  - (iii) 25% of the rates within 2 months of (ii)
  - (iv) 25% of the rates within 2 months of (iii) being 6 months from the expiration of the initial 35 day period and 6 months and 35 days from the date of service of the notice.

### **COUNCIL DECISION**

**Minute No. 9239**

**Moved: Cr J Moulden**

**Seconded: Cr J McCoy**

***That Council adopt the instalment plan options, being:***

- (a) To pay in full within 35 days of service of the rates notice.***
- (b) To pay by 2 equal instalments as under.***
  - (i) 50% of the rates within 35 days***
  - (ii) 50% of the rates within 4 months of (i)***
- (c) To pay by 4 equal instalments as under.***
  - (i) 25% of the rates within 35 days***
  - (ii) 25% of the rates within 2 months of (i)***
  - (iii) 25% of the rates within 2 months of (ii)***
  - (iv) 25% of the rates within 2 months of (iii) being 6 months from the expiration of the initial 35 day period and 6 months and 35 days from the date of service of the notice.***

***Carried by Absolute Majority 8/0***

### ***Interest Rate and Costs of Proceedings***

The maximum interest rate charge applicable under the Local Government Act is 11% per annum calculated on a daily basis on rates and services charges remaining unpaid (excluding eligible pensioners.) This rate was charged in 209/10 and it is recommended that the maximum charges continue to apply.

### **RECOMMENDATION 13**

That Council in accordance with section 6.51 of the Local Government Act 1995, and Regulation 70 of the Local Government (Financial Management) Regulations 1996, impose interest at 11% per annum calculated on a daily basis on rates and services charges remaining unpaid (excluding eligible pensioners):

- a) No instalment option taken - 35 days after the date of service of the Rates Notice.
- b) Instalment option taken - after the due date of the instalment, and continue to accrue until the instalment is paid.

### ***COUNCIL DECISION***

***Minute No. 9240***

***Moved: Cr J Parker***

***Seconded: Cr D Ausburn***

***That Council in accordance with section 6.51 of the Local Government Act 1995, and Regulation 70 of the Local Government (Financial Management) Regulations 1996, impose interest at 11% per annum calculated on a daily basis on rates and services charges remaining unpaid (excluding eligible pensioners):***

- a) No instalment option taken - 35 days after the date of service of the Rates Notice.***
- b) Instalment option taken - after the due date of the instalment, and continue to accrue until the instalment is paid.***

***Carried by Absolute Majority 8/0***

### **RECOMMENDATION 14**

That Council in accordance with section 6.51 of the Local Government Act 1995, shall recover the costs of any proceedings to recover any rates or service charges remaining unpaid after becoming due and payable:

- a) No instalment option taken - 35 days after the date of service of the Rates Notice.
- b) Instalment option taken - after the due date of the instalment

## **COUNCIL DECISION**

**Minute No. 9241**

**Moved: Cr K Wright**

**Seconded: Cr J Moulden**

***That Council in accordance with section 6.51 of the Local Government Act 1995, shall recover the costs of any proceedings to recover any rates or service charges remaining unpaid after becoming due and payable:***

- a) No instalment option taken - 35 days after the date of service of the Rates Notice.***
- b) Instalment option taken - after the due date of the instalment***

***Carried by Absolute Majority 8/0***

### ***Instalment Plan Interest Rate and Administration Fee and Early Payment Discount***

Council can impose an interest rate charge on each instalment if ratepayers elect to use any of the instalment plan options. The maximum interest rate is 5.5% for those on an instalment plan. Last year's rate was the maximum of 5.5% and it is recommended that the maximum charges continue to be applied.

Section 6.45(3) of the Local Government Act 1995 allows a local government to impose an additional charge where payment of a rate or service charge is made by instalments.

In 2009/10 a service charge of \$5.00 for each instalment other than the first was applied and it is recommended that Council continue to impose a charge of \$5 for instalment payments.

Payment of rates and service charge by payment arrangement incurred a \$25.00 per arrangement fee in 2009/10 and it is recommended that this fee be increase to \$30.00 and is adopted as part of the fees and charges – debtor special payment arrangement administrative charge.

### **RECOMMENDATION 15**

That Council in accordance with section 6.45(3) of the Local Government Act and Regulation 67 of the Local Government (Financial Management) Regulations 1996, impose administration fees for payment of rates and service charge by instalments - \$5.00 per instalment reminder notice plus interest at 5.5% per annum calculated daily (excluding eligible pensioners).

**COUNCIL DECISION**

**Minute No. 9242**

**Moved: Cr D Ausburn**

**Seconded: Cr J McCoy**

***That Council in accordance with section 6.45(3) of the Local Government Act and Regulation 67 of the Local Government (Financial Management) Regulations 1996, impose administration fees for payment of rates and service charge by instalments - \$5.00 per instalment reminder notice plus interest at 5.5% per annum calculated daily (excluding eligible pensioners).***

***Carried by Absolute Majority 8/0***

**RECOMMENDATION 16**

That Council in accordance with section 6.46 of the Local Government Act 1995, allow a 5% discount on 2010/11 rates if all rates accounts are paid in full within 14 days of the date of issue of the Rates Notice.

**COUNCIL DECISION**

**Minute No. 9243**

**Moved: Cr J Parker**

**Seconded: Cr D Ausburn**

***That Council in accordance with section 6.46 of the Local Government Act 1995, allow a 5% discount on 2010/11 rates if all rates accounts are paid in full within 14 days of the date of issue of the Rates Notice.***

***Carried by Absolute Majority 8/0***

***Rates Waiver under Policy CP/FIN-3200 - Strategic Rating Policy***

Strategic Rating Policy CP/FIN-3200 was adopted by Council on 20 April 2010 and provides for not for profit community groups to apply for Council to grant a waiver or concession of rates annually in accordance with discretionary powers provided by section 6.47 of the Local Government Act 1985.

Waivers are required to be reviewed annually as part of the annual budget adoption process. It is to be noted that the waiver consideration applies to rates only, and all other services and levies will still apply.

The Wyndham Picture Gardens were previously granted rates waiver in 2007 under the now repealed policy F18 Community Group Rating Policy

Wyndham Gardens (Inc) is the organisation that owns the Wyndham Picture Gardens situated at Lot 1 Civic Way Wyndham. The gross rental value of the property for 2010/11 as advised by the Valuer Generals Office is \$5,600. Minimum rates of \$830.00 would be applied to the property.

The assessment of the application for rates waiver under Policy CP/FIN-3200 – Strategic Rating Policy is attached to this agenda item as Attachment 3.

#### **RECOMMENDATION 17**

That Council grant a waiver of rates valued at \$830.00 for the financial year of 2010/11 in accordance with discretionary powers provided by section 6.47 of the Local Government Act 1985 to Wyndham Gardens (Inc) on A502 (Lot 1 Civic Way Wyndham).

<p><b>COUNCIL DECISION</b></p> <p><b>Minute No. 9244</b></p> <p><b>Moved: Cr K Wright</b> <b>Seconded: Cr D Ausburn</b></p> <p><b><i>That Council grant a waiver of rates valued at \$830.00 for the financial year of 2010/11 in accordance with discretionary powers provided by section 6.47 of the Local Government Act 1985 to Wyndham Gardens (Inc) on A502 (Lot 1 Civic Way Wyndham).</i></b></p> <p style="text-align: right;"><b><i>Carried by Absolute Majority 8/0</i></b></p>
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#### ***User Fees and Charges***

The fees and charges schedule is provided as Attachment 4 to this item.

#### **RECOMMENDATION 18**

That the fees and charges schedule for the 2010/11 financial year be adopted as presented.

<p><b>COUNCIL DECISION</b></p> <p><b>Minute No. 9245</b></p> <p><b>Moved: Cr J Moulden</b> <b>Seconded: Cr J McCoy</b></p> <p><b><i>That the fees and charges schedule for the 2010/11 financial year be adopted as presented.</i></b></p> <p style="text-align: right;"><b><i>Carried by Absolute Majority 8/0</i></b></p>
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## **Loans**

Note 5 in the Budget Document - Information on Borrowings details ongoing loan commitments as well as new loans.

### **RECOMMENDATION 19**

The Council in accordance with section 6.20 of the Local Government Act 1995, raise a loan for \$550,000 for Wyndham Staff Housing in 2010/11.

#### **COUNCIL DECISION**

**Minute No. 9246**

**Moved: Cr K Wright**

**Seconded: Cr J Moulden**

**The Council in accordance with section 6.20 of the Local Government Act 1995, raise a loan for \$550,000 for Wyndham Staff Housing in 2010/11.**

**Carried by Absolute Majority 8/0**

#### **Councillor Fees**

Council adopted the following Councillor Fees in 2009/10:

Meeting Fees (x 1 for Councillors, x 2 for Shire President)	\$ 6,000
Communication Allowance	\$ 2,400
Information Technology Allowance	\$ 1,000
Shire President's Allowance	\$12,000
Deputy Shire President's Allowance	\$ 3,000

Based on discussions during budget workshops the following fees are recommended:

Meeting Fees (x 1 for Councillors, x 2 for Shire President)	\$ 6,000
Communication Allowance	\$ 2,400
Information Technology Allowance	\$ 1,000
Shire President's Allowance	\$18,000
Deputy Shire President's Allowance	\$ 4,500

## RECOMMENDATION 20

That Council adopt the following Councillor fees and allowances for 2010/11:

Meeting Fees (x 1 for Councillors, x 2 for Shire President)	\$ 6,000
Communication Allowance	\$ 2,400
Information Technology Allowance	\$ 1,000
Shire President's Allowance	\$18,000
Deputy Shire President's Allowance	\$ 4,500

### **COUNCIL DECISION**

**Minute No. 9247**

**Moved: Cr J Moulden**

**Seconded: Cr J Parker**

**That Council adopt the following Councillor fees and allowances for 2010/11:**

<b>Meeting Fees (x 1 for Councillors, x 2 for Shire President)</b>	<b>\$ 6,000</b>
<b>Communication Allowance</b>	<b>\$ 2,400</b>
<b>Information Technology Allowance</b>	<b>\$ 1,000</b>
<b>Shire President's Allowance</b>	<b>\$18,000</b>
<b>Deputy Shire President's Allowance</b>	<b>\$ 4,500</b>

**Carried by Absolute Majority 8/0**

### **Setting of Materiality for Monthly Reporting**

Local Government Act and Regulations require the Council to set the materiality level at which explanations are required for variations between Year to Date Budget and Year to Date Actual figures. The materiality level recommended is +/-10% and +/- \$5,000 at account level and +/-10% and +/- \$50,000 at financial statement level.

## RECOMMENDATION 21

That materiality level for monthly reporting be set at +/-10% and +/- \$5,000 at account level and +/-10% and +/- \$50,000 at financial statement level.

### **COUNCIL DECISION**

**Minute No. 9248**

**Moved: Cr J McCoy**

**Seconded: Cr S Dessert**

**That materiality level for monthly reporting be set at +/-10% and +/- \$5,000 at account level and +/-10% and +/- \$50,000 at financial statement level.**

**Carried by Absolute Majority 8/0**

### **Adoption of Accounting Policies**

Council should consider its accounting policies on an annual basis and adopt the policies to apply to financial reporting including the annual financial statements and the budget.

Current Policy F7 - Significant Accounting Policies is provided as Attachment 1 to this item. A new policy numbering system has been implemented which will result in a new number being applied to the revised policy.

Revised Policy CP/FINxxxx - Significant Accounting Policies is provided as Attachment 2 to this item.

### **RECOMMENDATION 22**

That Council adopts revised policy CP/FINxxxx - Significant Accounting Policies

#### ***COUNCIL DECISION***

***Minute No. 9249***

***Moved: Cr K Wright***

***Seconded: Cr D Ausburn***

***That Council adopts revised policy CP/FINxxxx - Significant Accounting Policies.***

***Carried by Absolute Majority 8/0***

### **Reserve Fund Accounts**

Council is required to adopt the name and purpose of any reserve account included in the Reserve Funds.

New reserve accounts required:

Youth Bus Reserve - to transfer fees from hire of Youth Buses to provide funds for repairs, maintenance and replacement of the Youth Buses.

Patient Transfer Facility Reserve – to hold lease payments from Patient Transfer Facility to fund capital maintenance and or upgrade of the Facility.

### **RECOMMENDATION 23**

That in accordance with Section 6.11 of the Local Government Act the following reserve is established to set aside funds for use in future years:

Youth Bus Reserve - to transfer fees from hire of Youth Buses to provide funds for repairs, maintenance and replacement of the Youth Buses.

Patient Transfer Facility Reserve – to hold lease payments from Patient Transfer Facility to fund capital maintenance and or upgrade of the Facility.

**COUNCIL DECISION**

**Minute No. 9250**

**Moved: Cr J Moulden**

**Seconded: Cr J Parker**

**That in accordance with Section 6.11 of the Local Government Act the following reserve is established to set aside funds for use in future years:**

**Youth Bus Reserve - to transfer fees from hire of Youth Buses to provide funds for repairs, maintenance and replacement of the Youth Buses.**

**Patient Transfer Facility Reserve – to hold lease payments from Patient Transfer Facility to fund capital maintenance and or upgrade of the Facility.**

**Carried by Absolute Majority 8/0**

**Adoption of 2009/10 Budget**

The management recommends that in order to maintain real operating expenditure and continue to position Council to undertake future projects of significant economic benefit and employment growth initiatives, and to progress the implementation of CP/FIN-3200 Strategic Rating policy, that Council adopt a 6.25% rate increase.

The budget document is provided under separate cover.

**RECOMMENDATION 24**

That the 2010/11 budget, reflecting a 6.25% increase in total GRV and total UV rates, be adopted.

**COUNCIL DECISION**

**Minute No. 9251**

**Moved: Cr K Wright**

**Seconded: Cr J Parker**

**That the 2010/11 budget, reflecting a 6.25% increase in total GRV and total UV rates, be adopted.**

**Carried by Absolute Majority 8/0**

**Attachment 1: Current Policy F7 – Significant Accounting Policies**



<b>POLICY No:</b>	<b>F7</b>
<b>DIVISION</b>	<b>Finance</b>
<b>SUBJECT:</b>	<b>Significant Accounting Policies</b>
<b>REPORTING OFFICER</b>	<b>Executive Manager Corporate Services</b>
<b>ENABLING LEGISLATION</b>	<b>Local Government Act 1995</b>

**OBJECTIVE:**

To provide the basis for Council's accounting concepts and annual reporting guidelines. To maintain accounting reporting procedures that comply with statutory requirements and demonstrate Council's financial position.

**POLICY:**

**Significant Accounting Policies**

(a) **Basis of Accounting and Preparation**

The budget and financial report are general purpose financial reports which are to be prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), other mandatory professional reporting requirements, the Local Government Act 1995 and accompanying regulations. The reports are also to be prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes on non-current assets.

*Critical Accounting Estimates*

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements

about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of these financial reports.

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, but a separate statement of those monies appears in the financial statements.

(c) Actual Balances

Balances shown in budget documentation as previous year Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding off Figures

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

(e) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in the financial report. The disclosure also includes the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(f) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position and Balance Sheet are stated inclusive of applicable GST.

(g) Superannuation

The Shire of Wyndham East Kimberley contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits (for the Balance Sheet these would have an original maturity of three months or less) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Balance Sheet).

(i) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectability of trade 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.

(j) Inventories

*General*

Inventories are valued 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.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

*Land Held for Resale*

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of the land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

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

(k) Fixed Assets

*Initial Recognition*

All assets are initially recognised at cost. 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 Municipality includes the cost of all materials used in construction, direct

labour on the project and an appropriate proportion of variable and fixed overheads.

#### *Revaluation*

Certain asset classes may be re-valued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Those assets carried at a re-valued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be re-valued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

#### *Land Under Roads*

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

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

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

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

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

#### (l) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are as per Council adopted policy F20 Asset Management Policy.

#### (m) Investments and Other Financial Assets

##### *Classification*

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

*Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets

have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

*Subsequent measurement*

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

*Impairment*

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(n) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted

cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(o) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

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 a budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June of that year.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on a budget document.

(p) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Employee Benefits

The provision for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages, salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount that the municipality has a present obligation to pay resulting from employees' services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(r) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

*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.

(s) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(t) 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 company are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under 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.

(u) Joint Venture

The municipality's interest in a joint venture is to be recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the statement of financial position and operating statement.

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

(x) 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 Council's operational cycle. In the case of liabilities where Council 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 resale where it is held as non-current based on Council's intentions to release for sale.

(y) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2009.

Council's assessment of these new standards and interpretations is set out below:

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil - The Standard is not applicable to not-for-profit entities.
(ii)	Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to	June 2007	1 January 2009	Nil - The revised Standard has removed the option to expense

	<p>Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 &amp; AASB 138 and Interpretations 1 &amp;12]</p>			<p>all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.</p>
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	Title and Topic	Issued	Applicable (*)	Impact
(iii)	Revised AASB 101 Presentation of financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 & December 2007	1 January 2009	Nil – The revised Standard requires the presentation of the Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(iv)	AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 January 2009	Nil – The revisions are part of the AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.
	AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 July 2009	The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the Council.  It is not anticipated the more significant change will have any effect on the financial report as the topics are not relevant to the operations of Council.

	Title and Topic	Issued	Applicable (*)	Impact
(v)	AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-For-Profit Entities	November 2008	1 July 2009	Nil – Whilst the standard has the effect of applying AASB 3 Business Combinations to the Not-For-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27.
(vi)	AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations	February 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of Council.
	AASB 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	March 2008	1 January 2009	
	AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB127	March 2008	1 January 2009	
	AASB 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009	
	AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items	August 2008	1 July 2009	
	AASB 2008-9 Amendments	September	1 January	

(vi)	to AASB 1049 for Consistency with AASB 101 (Continued)	2008	2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities	June 2007	1 January 2009	
	Interpretation 12 – service Concession Arrangements	June 2007	1 January 2009	
	Interpretation 15 – Agreements for the Construction of Real Estate	August 2008	1 January 2009	
	Interpretation 16 – Hedges of a Net Investment in a Foreign Operation	August 2008	1 October 2008	
	Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
Interpretation 18 – Transfers of Asset from Customers	March 2009	Ending 1 July 2009		
Notes:				
(*) - Applicable to reporting periods commencing on or after the given date.				
(+) - Applicable to not-for-profit and/or public sector entities only.				



## Shire of Wyndham East Kimberley Council Policy Number: CP/FIN-xxxx Significant Accounting Policies

### **OBJECTIVE:**

#### *Statement of intent*

To provide the basis for Council's accounting concepts and annual reporting guidelines. To maintain accounting reporting procedures that comply with statutory requirements and demonstrate Council's financial position.

### **POLICY:**

#### **Significant Accounting Policies**

##### **(a) Basis of Accounting and Preparation**

The budget and financial report are general purpose financial reports which are to be prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), other mandatory professional reporting requirements, the Local Government Act 1995 and accompanying regulations. The reports are also to be prepared on the accrual basis under the convention of historical cost accounting 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 financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

##### **(b) The Local Government Reporting Entity**

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

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, but a separate statement of those monies appears in the financial reports.

**(c) Actual Balances**

Balances shown in budget documentation as previous year Actual are as forecast at the time of budget preparation and are subject to final adjustments.

**(d) Rounding off Figures**

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

**(e) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period are obtained on the condition that they be expended in particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in the financial report. The disclosure also includes the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**(f) Goods and Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

**(g) Superannuation**

The Shire of Wyndham East Kimberley contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(h) Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the statement of financial position.

**(i) Trade and Other Receivables**

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectability of trade 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.

**(j) Inventories**

***General***

Inventories are valued 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.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

***Land Held for Resale***

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of the land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

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

**(k) Fixed Assets**

***Initial Recognition***

All assets are initially recognised at cost. 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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

***Revaluation***

Certain asset classes may be re-valued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Those assets carried at a re-valued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be re-valued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

### **Land Under Roads**

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

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

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

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

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

#### **(l) Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are as per Council adopted policy F20 Asset Management Policy.

#### **(m) Investments and Other Financial Assets**

##### ***Classification***

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

##### **(ii) *Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

***Recognition and derecognition***

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

***Subsequent measurement***

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing

operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

***Impairment***

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

**(n) Estimation of Fair Value**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

**(o) Impairment**

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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 a budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June of that year.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on a budget document.

**(p) Trade and Other Payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(q) Employee Benefits**

The provision for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages, salaries and are calculated as follows:

*(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term benefits)*

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount that the Council has a present obligation to pay resulting from employees' services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

*(ii) Long Service Leave (Long-term benefits)*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(r) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on

the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

***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.

**(s) Provisions**

Provisions are recognised when: The Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**(t) 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 company are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under 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.

**(u) Joint Venture**

The municipality's interest in a joint venture is to be recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the statement of financial position and statement of comprehensive income.

**(v) Comparative Figures**

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

**(w) Budget Comparative Figures**

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

**(x) 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 Council's operational cycle. In the case of liabilities where Council 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 resale where it is held as non-current based on Council's intentions to release for sale.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2010.

Council's assessment of these new standards and interpretations is set out below:

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9– Financial Instruments	December 2009	1 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124– Related Party Disclosures	December 2009	1 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 2009-5 - Further Amendments to Australian Accounting Standards arising	May 2009	1 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with

	from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]			presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	1 January 2010	Nil - The Council will not have applicable transactions.

	Title and Topic	Issued	Applicable (*)	Impact
(v)	AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	1 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have
(vii)	AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	1 January 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2010- 1	February 2010	1 July 2010	

	Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]			
	AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	1 February 2010	

	Title and Topic	Issued	Applicable (*)	Impact
(vii)	(Continued)			
	Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	1 July 2010-08-09	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	1 January 2011	

Notes:

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

#### **(z) Adoption of New and Revised Accounting Standards**

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

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

## **AASB 101: Presentation of Financial Statements**

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

### *Disclosure Impact*

**Terminology changes** – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

**Reporting changes in equity** – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

**Statement of comprehensive income** – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

**Other Comprehensive Income** – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

## **POLICY ADMINISTRATION**

<b>Directorate</b>		<b>Officer Title</b>			
Corporate Services		Director Corporate Services			
<b>Date Effective</b>	DD/MM/YYYY				
<b>Date Adopted</b>	DD/MM/YYYY	<b>Last Reviewed</b>		DD/MM/YYYY	
<b>Risk Rating</b>	Low	<b>Review Cycle</b>	Annual	<b>Next Due</b>	MM/YYYY
<b>Organisational Compliance</b>	Annual Financial Report Annual Adopted Budget				
<b>Process Links</b>	Financial Management Policies, Procedures and Practices.				

***Attachment 3 – Application for Rates Waiver under Councils Strategic Rating Policy (CP/FIN-3200)***

Assessment undertaken by Gill Old, Manager Financial Services 5 August 2010.

**Background**

Strategic Rating Policy CP/FIN-3200 adopted by Council 20/4/2010 provides for not for profit community groups to apply for Council to grant a waiver or concession of rates annually in accordance with discretionary powers provided by section 6.47 of the Local Government Act 1985.

The application of this discretionary power is intended to be applied under the capacity to pay principle as per the strategic rating policy. The section of the policy referring to this ability replaces repealed policy F18 Community Group Rating Policy.

The Wyndham Picture Gardens that had been previously granted consideration (Ordinary Council Meeting 19/6/2007) under the repealed policy have reapplied under the new policy.

**Comment**

Wyndham Gardens (Inc) is the organisation that owns the Wyndham Picture Gardens situated at Lot 1 Civic Way Wyndham. The gross rental value of the property effective 1/7/2010 as advised by the Valuer Generals Office is \$5,600.

The Wyndham Picture Gardens has not been operational for the past few years due to the inability to obtain parts for the aged projectors. Recent funding has been obtained to rebuild the main building, which is currently underway. Funding is being requested via Lotterywest to purchase new projectors. This is yet to be finalised. Once these improvements are undertaken it is expected the Picture Gardens will again commence operation.

Prior to 2007, the cinema operated twice per month during the dry season. The target demographic is for any Wyndham residents and visitors, with the majority of attendees being families and children under the age of 14 years. All persons who currently assist with the Picture Gardens are volunteers.

The constitution of the Association state they are “principally for the provision of amenities and services and generally for the well being of the children of Wyndham.” Other relevant excerpts from the rules, constitution and by-laws of the Wyndham Gardens (Inc) provided is summarised as follows:

- “The income and property of the Association whencesoever derived shall be applied solely towards the promotion of the objects of the Association and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit to the persons who at any time are or have been members of the Association or to any of them or to any person claiming through any of them.”
- “Business and finance for the Picture Gardens shall be vested in a Committee of Management consisting of seven (7) persons.”

- “ Profits shall be retained by the Wyndham Gardens to be used according to the objects of the Wyndham Gardens.”
- “ If upon winding up or dissolution of the Picture Gardens Organisation, there remains, after satisfaction of official debts and liabilities, any property or assets whatsoever, same shall be distributed to a Community Organisation whose objectives are acceptable to the Committee.”

Based on the information provided, it is considered that the objectives and activities of Wyndham Gardens (Inc) form a benefit to the community. This is provided by a base of volunteers with any nominal profit obtained from the activities being returned to benefit the community.

It is to be noted that the waiver consideration applies to rates only, and all other services and levies will still apply.

Waivers are required to be reviewed annually as part of the annual budget adoption process.

### **Recommendation**

A waiver of Council rates for Wyndham Picture Gardens (Inc) on A502 (Lot 1 Civic Way Wyndham) is recommended for the financial year of 2010/2011.

**5. MEETING CLOSURE**

With all matters of business complete, the Shire President declared the meeting closed at 6:14pm.