



TOWN OF PORT HEDLAND

AUDIT & FINANCE COMMITTEE MEETING MINUTES

**WEDNESDAY 18 FEBRUARY 2015 AT
12:00PM**

**COUNCIL CHAMBERS, MCGREGOR
STREET, PORT HEDLAND**

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“A nationally significant, friendly city that people are proud to call home”

*M.J. (Mal) Osborne
Chief Executive Officer*

TERMS OF REFERENCE**AIM/PURPOSE:**

The Audit and Finance Committee objective is to assist the Town of Port Hedland Council in liaising with the auditor and overseeing the external audit function and promoting the transparency and accountability of Council's financial management systems and reporting

The Audit and Finance Committee has been established in accordance with Part 7 of the Local Government Act 1995 to:

1. Liaise with the Auditor(s) to assist Council in carrying out functions in relation to external audit, including liaising with the Auditor and develop a process for selection and appointment of a person as the Auditor.
2. Receive Quarterly Budget Review Reports;
3. Receive Quarterly Financial Reports on all of the Town of Port Hedland's Managed Community Facilities;
4. Review and suggest improvements to Risk Management within the organisation; and
5. Assist the organization in the development of an internal audit program.

QUORUM:

The quorum for the Committee be a minimum of 50% of its membership.

MEMBERSHIP:

Elected Members:

Mayor Kelly Howlett

Councillor Gloria Jacob – Presiding Member

Councillor Julie Hunt

Councillor Lorraine Butson – Deputy Presiding Member

Community Member:

Mr Bill Hrambanis

Deputy Members:

Councillor George Daccache

Councillor Jan Gillingham

Councillor David Hooper

Councillor Troy Melville

MEETING FREQUENCY:

As and when required.

DELEGATION:

The Town of Port Hedland Council provides delegated authority to the Audit and Finance Committee to meet annually with the Town's auditor(s) as required by Section 7.12A(2) of the Local Government Act 1995.

TENURE:

Ongoing

RESPONSIBLE OFFICER:

Director Corporate Services

(ADOPTED BY COUNCIL AT ITS ORDINARY MEETING HELD 16 NOVEMBER 2011. AMENDED BY COUNCIL AT ITS ORDINARY MEETING HELD 23 OCTOBER 2013.)

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ITEM 1 OPENING OF MEETING

The Presiding Member declared the meeting open at 12:05pm.

ITEM 2 ACKNOWLEDGMENT OF TRADITIONAL OWNERS

The Presiding Member acknowledged the traditional owners, the Kariyarra people.

ITEM 3 RECORDING OF ATTENDANCE AND APOLOGIES**3.1 Attendance***Elected Members:*

Mayor Kelly Howlett
Councillor Gloria Jacob
Councillor Julie Hunt

Officers:

Mal Osborne	Chief Executive Officer
Peter Kocian	Acting Director Corporate Services
Geoff Byrnes	Acting Director Works and Services
Chris Linnell	Acting Director Community and Development Services
Grace Waugh	Minute Taker/ Governance Officer

Members of the Public	0
Media	0
Town officers	2

3.2 Apologies

Elected Member:
Councillor Lorraine Butson

Community Member:
Mr Bill Hrambanis

3.3 Approved Leave of Absence

Nil

ITEM 4 RESPONSE TO PREVIOUS QUESTIONS**4.1 Questions from Public at Audit & Finance Committee Meeting held on Wednesday 19 November 2014**

Nil

4.2 Questions from Committee Members at Audit & Finance Committee Meeting held on Wednesday 19 November 2014

Nil

ITEM 5 PUBLIC TIME

Important note:

'This meeting is being recorded on audio tape as an additional record of the meeting and to assist with minute-taking purposes which may be released upon request to third parties. If you do not give permission for recording your participation please indicate this at the meeting. The public is also reminded that in accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders nobody shall use any visual or vocal electronic device or instrument to record the proceedings of any meeting unless that person has been given permission by the presiding member to do so.'

Presiding Member opened Public Question Time at 12:07pm.

5.1 Public Question Time

Nil

Presiding Member closed Public Question Time at 12:07pm.

Presiding Member opened Public Statement Time at 12:08pm.

5.2 Public Statement Time

Nil

Presiding Member closed Public Statement Time at 12:08pm.

ITEM 6 QUESTIONS FROM MEMBERS WITHOUT NOTICE

Nil

ITEM 7 DECLARATION BY MEMBERS TO HAVE GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING

Councillor Jacob – Presiding Member	Councillor Hunt
Mayor Howlett	

ITEM 8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

8.1 Confirmation of Minutes of the Audit & Finance Committee Meeting held on Wednesday 19 November 2014

201415/023 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION

MOVED: MAYOR HOWLETT

SECONDED: CR HUNT

That Council confirm that the Minutes of the Audit & Finance Committee Meeting held on Wednesday 19 November 2014 are a true and correct record.

CARRIED 3/0

ITEM 9 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Presiding Member welcomed Chris Linnell, Acting Director Community and Development Services, and Geoff Byrnes, Acting Director Works and Services, to their first Audit & Finance Committee meeting.

ITEM 10 PETITIONS/ DEPUTATIONS/ PRESENTATIONS/ SUBMISSIONS

Nil

Disclaimer

Members of the public are cautioned against taking any action on Council decisions, on items on this evening's Agenda in which they may have an interest, until formal notification in writing by the Town has been received. Decisions made at this meeting can be revoked, pursuant to the Local Government Act 1995.

ITEM 11 REPORTS OF OFFICERS**11.1 Community and Development Services****11.1.1 GP Housing Quarterly Review: Quarter 2 – October – December 2014**

Paul Howrie, Manager Community Development
File No. 15/01/0020

DISCLOSURE OF INTEREST BY OFFICER

Nil

201415/024 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION

MOVED: CR HUNT

SECONDED: MAYOR HOWLETT

That the Audit and Finance Committee receive the second quarter reports (1 October to 31 December 2014) for GP Housing from the Port Hedland Medical Centre (OSH Group) and Kinetic Health Centre.

CARRIED 3/0

EXECUTIVE SUMMARY

The purpose of this report is for the Audit and Finance Committee to review the reports for GP Housing for the second quarter; October to December 2014.

DETAILED REPORT

The construction project and subsequent allocation of the GP houses is intended to provide quality subsidised leased housing to general practitioners who support the Port Hedland community and is focused on:

- Assisting in the retention of existing general practitioner / emergency services
- Encouraging and facilitating the expansion of general practitioner service levels and availability
- Assisting in the provision of specialist services not currently available
- Assisting in the provision of services linked to areas of disadvantaged health services / remote servicing / bulk billing
- Beginning to cater for future GP service requirements.

The Special Council Meeting on 14 November 2012:

- “1. *Endorsed the disposal of Part Lot 5551 Dempster Street, Cooke Point by way of lease to:*
 - *3 general practitioner houses to Kinetic Health Services (\$600 per week, to be reviewed annually in accordance with the Asset Management Plan) for a term of 3 years;*

- *4 general practitioner houses to the OSH Group (\$600 per week, to be reviewed annually in accordance with the Asset Management Plan) for a term of 3 years*
2. *Delegated authority to the Chief Executive Officer or delegate to negotiate the provision of housing to preferred doctors within the Kinetic Health Service and OSH Group allocations*
3. *Endorsed the provision of the local public notice of the proposed disposals in accordance with section 3.58 of the Local Government Act*
4. *Delegated authority to the Chief Executive Officer to enter into lease agreements should no public submissions be received.”*

Construction of the 7 general practitioner houses was completed and readied for occupancy in December 2012. The allocation of GP houses above was based on outcomes / KPI's detailed in submissions, and are the subject of quarterly reporting.

Lease agreements were executed with Port Hedland Medical Centre (OSH Group) on 16 April 2013 and with Kinetic Health (Sonic HealthPlus) on 1 May 2013.

These leases were cancelled and renewed immediately in December /January, to align with the expiry date of the newly completed 3 additional GP house completed in December 2014. All GP housing leases are now aligned and will expiry simultaneously.

Port Hedland Medical Centre (OSH Group)

Noted for the Quarter 2 report (Attachment 1) is that:

- Practice hours have been reduced on Saturdays to 1pm due to lower patient numbers. The clinic has also been closing from 6:30pm instead of 7:30pm on Monday to Fridays due to lower demand
- Clinical hours have not been extended to Sundays, as this remains unviable for the business
- Due to the psychologist relocating to another location, the mental health support has been continued via tele/Skype.

Sonic HealthPlus (Kinetic Health)

KPIs were to maintain existing levels of services and practice hours.

The Clinic has reported that their hours were unchanged for this quarter, although the clinic also provides some onsite services out of hours. The Occupation Health Physician is still visiting monthly and a Psychology service utilise a room at the premises monthly. With the clinic being in their new premises for 5 months, they have reported that they have been upskilling their nurse on care plans particularly for Diabetics, and the nurse has been holding sessions with relevant patients.

Current Construction Program

The three (3) additional houses that were constructed as part of stage 2 of the GP Housing program were completed in December 2014. Expressions of Interest (EOI) for tenants were advertised with the submissions assessed and reported to Council for endorsement in December 2014.

FINANCIAL IMPLICATIONS

The construction of the general practitioner houses was funded through contributions from WA State Government, resource industry and the Town.

Leases for the stage 1 general practitioner houses are held separately between the Town and Kinetic Health / Port Hedland Medical Centre. Under the terms of the lease agreements, the medical practices are responsible for the payment of weekly rental, minor upkeep of the homes and utilities; the Town is responsible for maintenance and asset management.

STATUTORY AND POLICY IMPLICATIONS

This initiative is supported in section 3.3 of the Town's Strategic Community Plan 2014 – 2024, to be a safe, attractive and accessible environment, where the Town looks to facilitate public health initiatives across the community.

ATTACHMENTS

1. Port Hedland Medical Centre (OSH Group) Q2 FY 2015 (October to December 2014)
2. Sonic HealthPlus Q2 FY 2015 (October to December 2014)

6 February 2015

ATTACHMENT 1 TO ITEM 11.1.1



7 Edgar Street Port Hedland WA 6721
 PO Box 441 Port Hedland WA 6721
 T: +61 8 9173 3733
 F: +61 8 9173 5219
 reception@porthedlandmedical.com.au
 ABN: 65 143 532 478
 www.oshgroup.com.au

Town of Port Hedland

Contract: GP Housing (PHMC)

Period: Q2 FY15

Contract Number: N/A

Item	Description	KPI	Outcome
1	Expansion of clinical practice hours, including:	(a) Increased clinical hours: Monday to Friday 7:30 am to 7:30pm , Saturday 8am to 12 noon (b) Additional general practitioners available on Saturday mornings. This KPI must be achieved within 6 months of execution of the Lease and maintained for the remainder of the Lease term.	Achieved Mon – Fri 7.30 – 7.30 Sat – 8 – 1 pm <i>Q2 Update: clinic has been closing 630-730pm due to lower presentations</i>
2	Expansion of clinical practice hours, to include a Sunday Clinic	This KPI must be achieved within 12 months of execution of the Lease and maintained for the remainder of the Lease term.	Not yet achieved <i>Q2 Status: Business position – remains unviable</i>
3	Expansion of the services available, including the introduction of the following services:	(a) Mental health support, identified as particularly important to FIFO workers and residents due to shift work, geographic remoteness and climate and being a regional and remote town; (b) Re-introduction of Sleep Studies to address the cycle of fatigue management and obesity; and (c) Indigenous health including-diabetes, heart disease and obesity. These KPIs must be achieved within 6 months of execution of the Lease and maintained for the remainder of the Lease term.	Psychologist relocated to another location. Continue to offer sessions by tele/skype, Sleep – No change, increased weekly testing capacity Dietician – No change We offer these services to all patients, including Indigenous Add: Nursing staff trained in Perth for Women's health screening and PAP smears – to add to Community services (WWC) – Continue this relationship
4	Expansion of the services available, including the	(a) ability to deliver programs such as based exercise programs to combat obesity, Pilates and supervised rehabilitation programs;	Pilates classes delivered.



7 Edgar Street Port Hedland WA 6721
 PO Box 441 Port Hedland WA 6721
 T: +61 8 9173 3733
 F: +61 8 9173 5219
 reception@porthedlandmedical.com.au
 ABN: 65 143 532 478
 www.oshgroup.com.au

	introduction of the following services:	<p>(b) access to the services of a dietician, if not residential then by Telehealth (although a Medicare rebates not available via Telehealth) to combat diabetes; and</p> <p>(c) ability to offer diagnostic ultrasound services from the practice. These KPIs must be achieved within 12 months of execution of the Lease and maintained for the remainder of the Lease term. However, the parties acknowledge that achievement of these measures is conditional on physical expansion to suitable and financially viable additional premises.</p>	<p>See above (continued alternatives being investigated, some private 'skype' style sessions with Perth doctors have been delivered</p> <p><i>Q2 Status: Business position – remains unviable</i></p>
5	Expansion of the existing range of specialists' services and skills. This KPI will be an ongoing item that will be negotiated over the term if the Lease.		<p>Variable services, female GP performs weekly bulk billed services at Well Women's Centre. Stress ECG and Sleep Science services are replacing PATS</p> <p><i>Q2 Status: No Change</i></p>
6	Developing a program to provide training placements to junior doctors to expose the junior doctors to Rural and Remote medicine by applying to become accredited training post.	<p>One of the requirements will be suitably qualified general practitioners to supervise the junior doctors. This KPI must be achieved within 12 months of execution of the Lease and maintained for the remainder of the Lease term.</p>	<p>WAGPET Accreditation: Site visit 19 June 2014 (part 1). 12 Month review period</p> <p><i>Q2 Status - WAGPET – Recommending that further full FRACGP staff required to train junior staff. Action: 2 GPs are recognised and further training and exams continue with RACGP to enable this.</i></p>

ATTACHMENT 2 TO ITEM 11.1.1

Town of Port Hedland Contract: GP Housing (Sonic HealthPlus)

Period: Oct – Dec 2014

Item	KPI	Service Level at commencement of contract (April 2013)	Current Service Level (21 st July 2014)	Comments / Update
1	Maintenance of existing days of operation, as at commencement date (April 2013)	Monday – Friday Extended hours Thursday till 7.30pm Saturday	Monday – Friday Extended hours Thursday till 7.30pm Saturday	Hours Unchanged.
2	Maintenance of existing times of operation, as at commencement date (April 2013)	Mon – Wed, Fri 8.30 – 5.30 Thur - 8.30 – 7.30 Sat – 8.30 – 1pm	Mon – Wed, Fri 8.00 – 5.30 Thur - 8.00 – 7.30 Sat – 8.30 – 1pm	Hours are unchanged, we also work outside normal hours providing onsite services.
3	Maintenance of existing services available	GP Care Plans Injury Management Pap Smears Phlebotomy Occupational Health	GP Care Plans Injury Management Pap Smears Phlebotomy Occupational Health Occupational Health Physician – specialist once a month Opened one of our spare rooms for visiting services who require a consulting room on the day.	Occ Health Physician, still visiting monthly. Psychology service utilising a room once a month. Hospital Dr, coming for a few sessions a month to bridge to GP for Fellowship.
4	Maintenance of existing number of doctors available	4 x FT Permanent Doctors	4 x F/t Doctors (1 Male, 3x females) 1 x Casual doctor to help fill in when required.	Lady doctor who was on Maternity leave is back FT as of November. New Registrar Doctor from WAGPET being processed

5	Additional services / facilities / programs / achievements	New Premises July 27 th 2014	<p>Been 5 months in our new premises. Has given us the opportunity to reflect on systems and work flow, nurse has been upskilling on Health care plans particularly for Diabetics, and has been holding session with these patients.</p>
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12:12pm Councillor Hunt declared a financial interest in item 11.1.2 'Port Hedland Visitor Centre: Financial Quarterly Review of the Second Quarter being October to December 2014' as she has business dealings with Port Hedland Visitors Centre.

Councillor Hunt left the room.

Presiding Member advised that as there is no quorum the item would be considered at the 25 March 2015 Ordinary Council Meeting.

12:19pm Councillor Hunt re-entered and resumed her chair. Presiding Member advised that the item wasn't considered as there was not a quorum. The item will be presented to the 25 March 2015 Ordinary Council Meeting.

11.1.2 Port Hedland Visitor Centre: Financial Quarterly Review of the Second Quarter being October to December 2014

Brie Holland, Economic Development and Strategic Planning Coordinator
File No. 05/09/0017

DISCLOSURE OF INTEREST BY OFFICER

Nil

RECOMMENDATION

That the Audit and Finance Committee receive the financial report from FORM Contemporary Arts and Crafts for the management of Port Hedland Visitors Centre of the second quarter being October to December 2014.

LAPSED FOR WANT OF A QUORUM

EXECUTIVE SUMMARY

The purpose of this report is for the Audit and Finance Committee ("Committee") to review the financial and general operations of the Port Hedland Visitor Centre ("PHVC"), managed by FORM Contemporary Arts and Crafts ("FORM") for the second quarter from October – December 2014. More specifically, this report puts forward the reporting requirements outlined in clauses; 6.3 (2) submission of an annually audited financial report and 23.2 quarterly reporting detailed in the Management Agreement between FORM and the Town of Port Hedland ("ToPH").

DETAILED REPORT

The PHVC is carrying a surplus of \$29,088 ending 31 December 2014. The full list of activities are reflected in the 201415 Quarter Operational Report October – December (attachment one) and the Profit and Loss report October – December (attachment two), please see the summary as per contractual Quarterly Report *clause 23.2* below;

QUARTERLY SUMMARIES OCTOBER – DECEMBER 2014	
	OCTOBER – DECEMBER 2014
1. Income and expenditure statements for the relevant period.	
Total Earned Income* * includes management fee/ \$85,388	\$184,124
Total Expenditure	\$177,611
Net Profit/ (Loss)	\$ 6,513
2. A statement of variations between the Operating Budgets and the year to date figures.	In surplus.
3. A statement of the capital expenditure items and maintenance items.	
Capital Expenditure	Nil
Repairs and Maintenance	All maintenance issues resolved
4. A statement of marketing expenses, programs and initiatives for the Centre for the relevant period.	\$14,877 Total
5. A report on incidents in the Centre for the relevant period for which claims are or may be made against the Town or the Contractor, and other relevant details concerning insurances.	Increased spike in shoplifting. Resolution: security monitors installed, Time limitation placed on Wi-Fi and Rear Exit locked as standard. Investigating cost of magnetic technology and alarm systems.
6. Advice on prevailing market conditions and the settling of fees and charges for the relevant period.	Small reduction in Visitor Traffic, same time the previous year. Increase in a greater degree of engagement of visitors by staff.
7. Customer feedback received for the Centre for the relevant period.	No complaints.
8. Any negligent damage caused to the Centre or the assets of the Centre must be reported, including any damage caused by the Contractor its agents, employees and subcontractors for the relevant period.	Nil
9. Reporting in relation to the KPI's established in Annexure 2 (Key Performance Indicators and Operating Budget) as part of the Contract	
Management Fee (Town to Contractor) (*no variation is acceptable) July 2014 – June 2015 \$341,550 per annum; \$85,387.50 per	Achieved

quarter*	
Centre membership Secure a minimum of 25 memberships / at a cost reasonable for market demand (initially estimated at \$100) per financial period.	48% of target met FORM has heavily advertised membership since the start of their management term.
Town and BHP Billiton Partnership Funds \$102,000: Start Up costs 1st year: Oct 2012 - June 2013	Achieved
Expense recovery suggestion	Not applicable, the PHVC is in surplus.
Minimum Staffing x3	Achieved: Visitor Centre Manager – Natasha Fry Visitor Centre Support Officer – Francesca Lines Visitor Centre Support Officer – Sue McMahan Administration support for accounting, purchasing and promotional activities from the FORM HQ in Perth.
Centre Operations Manual	Achieved
Opening hours Peak: May – September M – F: 9am – 4.30pm Sat: 9 – 2pm Sun: 9 – 2pm	Achieved M – F: 9am – 5pm Sat : 9am – 2pm Sun : 9am – 2pm
Consultation group: Contractor to consult with suggested parties at its discretion during the term of the tenure.	PENDING. A steering committee will formed in order to strategise how to further leverage off visitations to Port Hedland. Membership will extend to the Pilbara Development Commission, not originally listed in the suggested invitation for membership.
Western Australian Visitor Centre Accreditation Program	Achieved: 15 August 2013 – the first visitor Centre in the Pilbara. PHVC continues to maintain the Level One Tourism Accreditation and T-Qual accreditation.
Encourage the Centre to be part of the regional school's curriculum and education program.	To be programmed.
Banger's Bungalow Business Enterprise Centre	Contract to be updated; inconsistent with the Courthouse Gallery report which says that it

	can't be used
Tours Marketing two (2) tours per week	Achieved; 1. Local History and Town Tour – operating each Monday and Friday, coordinated by Julie Hunt. 2. BHP Billiton Iron Ore Tour – operating each Tuesday and Thursday. As a comparison the BHP Industry tour uptake has increased by nearly 40% compared to the same quarter in 2013.
Cruise Ship Welcome Day Coordination (PART) Has the discretion to alter the operations plans and budgets to include this additional service outside of the original RFP scope. This activity will be managed in a way that is at the discretion of FORM as to what is manageable.	Achieved. Arrivals for 2014/ 2015 Sunday 2 November 2014 Saturday 28 February 2015 Wednesday 11 March 2015 Saturday 4 April 2015 The Visitor Centre in association with Tourism WA and the Port Hedland Port Authority will conduct a <i>Cruise Ready</i> workshop inviting all interested Hedland business members, before the next visit to introduce concepts of shore-based activities and tourism experiences that would satisfy the appetite of the cruise ship.
Port Hedland International Airport coordination.	Budget yet to permit.
Efficiency	
Patronage Maintain 50% interaction of walk in patrons to service staff	Achieved. Oct: 1,360, November: 1,978 and December: 208.
Call abandonment Maximum call abandon rate 10%	Achieved, the Visitor Centre receives an average of 19 per day, all attended to.
Call waiting Average call waits not to exceed 2 minutes	Achieved, the Visitor Centre receives an average of 19 phone based enquiries per day, 100% attended to.
Brochure Maintain brochure racking space including brochure stock, initiate reorder when numbers are under 10.	Achieved.
10. Reporting on items listed in Annexure 3	

Provide statistics on a quarterly basis to Town in relation to the number of contacts at the Centre through the following points:	
By Mail	Mail-based enquiries are infrequent, receive 4 items per day; they are attended to within one business day.
By Email	15 email enquiries are received each day; responses are given within one business day.
On-line	The Port Hedland Visitor Centre website www.visitporthedland.com is consistently updated with local information, events, tours and attractions.
Industry contacts - Product briefings Brochure distribution	Achieved. Dedicated tourism brochures have been developed to profile the history of the town and the activities for the traveller with two and three days. An insider's guide has also been printed. All documents are provided to the visitor without cost. This type of documentation sets the Port Hedland Visitor Centre apart from other Pilbara based visitor centres. Discoverer's Journal: http://www.form.net.au/files/A_Discovers_Journal.pdf 2 Day Guide: http://www.form.net.au/files/2Day_guide.pdf 5 Day Guide: http://www.form.net.au/files/5day_gui An Insider's Guide: http://www.form.net.au/sites/default/files/Insiders_Guide_.pdf
Customer complaints and resolutions	Nil
Staff Training	Achieved: continuous improvement daily
11. Any information on the Centre and this Contract reasonably required, and requested in writing, by the Town.	
	See attachment 1 for the full written overview of operations at the PHVC during July - September 2014.

On Wednesday 19 November 2014 the Audit and Finance Committee resolved the following (201415/012, part, unconfirmed minutes):

“...2. Recommend to Council to approve to extend the current contract with FORM for an additional term of up to two years, subject to agreeable management fee negotiations carried out by the CEO or his delegated officer and provided the Town gives FORM written notice of its intention to put into effect the initial extension at least three months prior to the expiry of the initial contract term (as per current contractual terms) subject to successful negotiations of the following:

- Management of all activities associated with the cruise ship visits
- Establishment of Key Performance Indicators
- Establishment of a Community reference group
- Development of Indigenous tourism products
- Development of a Port Hedland promotion campaign

Currently the Town and FORM are working towards satisfying the resolution previous set out by the Audit and Finance Committee for formal presentation to Council. The Audit and Finance Committee will be updated in due course.

The following assemblies were consulted in order to complete this agenda item;

Town of Port Hedland

- Economic Development and Strategic Planning unit

External

- FORM Contemporary Arts and Design Management team

FINANCIAL IMPLICATIONS

Council’s 2014/2015 budget contains an allowance of \$353,504 per annum for the contract management of the PHVC, payable quarterly.

STATUTORY AND POLICY IMPLICATIONS

Strategic Community Plan 2014 – 2024

This report aligns with the strategic theme and associated performance indicators within the current *Strategic Community Plan 2014 - 2024*. This proposed project falls under the strategic theme of 2. Supporting a diverse economy;

		Success Indicators
2.2	Develop Port Hedland’s tourism industry, facilitate increased accommodation offerings and position Port Hedland as a unique destination.	Increased tourism opportunities and accommodation offerings.

Local Government Act 1995 (WA) Section 5.17(c) (i) – Limits on delegation of powers and duties to certain committees.

ATTACHMENTS

1. Quarterly Operational Report October - December 2014
2. Profit and Loss Statement Period Ending December 2014
3. Destination Guide Prospectus

29 January 2015

QUARTERLY OPERATIONS REPORT – PORT HEDLAND VISITOR CENTRE

December 2014

Income and Expenditure statements for the Port Hedland Visitor Centre for this reporting period (please see attached).

Repairs and Maintenance

The following repairs and maintenance were carried out during the October to December period:

Date	Issue	Responsibility	Action
November	Lock unhinged on female toilet door	Town of Port Hedland	ToPH maintenance team repaired lock
November	Native garden reticulation loss of pressure	Town of Port Hedland	Maintenance of native garden reticulation
December	Power turned off to reticulation controller for garden beds	Town of Port Hedland	Fix power connection to controller

Incident Reporting/ Damage

With the number of visitors passing through the visitor centre, especially during the peak season, shoplifting has become an issue that requires serious attention. The demographic of visitors to the centre includes high risk groups such as backpackers, nomads and Indigenous community visitors.

Even though staff is the store floor when visitors are here it is not always possible to observe each person when attending to an enquiry or providing other assistance to our consumers.

From our recent stocktake we noted that a range of products had been stolen. These include books and maps which can easily be slipped in-between brochures visitors collect, smaller items such as postcards, magnets, badges and spoons, gift items such as jewellery and designer sunglasses, along with general merchandise like notebooks, soaps and candles.

In recent months, we have had a number of more expensive items that have been stolen, including hats and a leather bag along with a selection of Men's fragrance gift products.

In order to combat this issue the Visitor Centre has put in place a number of security measures:

- Security mirrors installed;
- Time limitation placed on WiFi
- Rear exit locked as standard

Further investigation is being undertaken into security systems that rely on magnetic technology and alarm systems to reduce the incidence of shoplifting in the new season.

ATTACHMENT 1 TO ITEM 11.1.2

Total Attendance Trend for Port Hedland Visitor Centre

	Walk in Attendance	Cruise Ship Attendance	Total
January	298	0	298
February	406	750	1,156
March	503	2,300	2,803
April	489	0	489
May	992	0	992
June	1297	0	1,297
July	2225	0	2,225
August	2644	0	2,644
September	1719	0	1,719
October	1360	0	1,360
November	478	1,500	1,978
December	208	0	208
TOTAL			17,169

Breakdown	Month	Visitors – 2013	Visitors – 2014
Visitor Centre Attendance	October	1,197	1,360
Visitor Centre Attendance	November	2,360 (1,500 cruise ship)	1,978 (1,500 cruise ship)
Visitor Centre Attendance	December	528	208
Combined Attendance	Fourth Quarter	4,085	3,546

Attendance comparison (Calendar year)

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2013	1,027	3,761	4,894	4,085	11,640
2014	4,257	2,225	6,588	3,546	17,169

The final quarter for 2014, brought to an end a great couple of years for the FORM management of the Visitor Centre. The year 2014 saw steady build in visitor numbers and, while environmental impacts such as flooding at Exmouth saw a slow start to the 2014 tourist season, visitor numbers were increased across the year.

Importantly, increased traffic to the Visitor Centre was complemented with a greater degree of engagement which manifested in increased tour numbers and consistently positive feedback about the level of service provided within the Centre. This combination of increasing numbers with increasing engagement offers a solid base from which to further develop tourism experiences capitalising on the culture, heritage and resources of the Port Hedland region into the future.

In this last season as the tourist season came to a close we have seen a small reduction in local visitation and retail expenditure compared to the previous year. This can be attributed to a changed climate locally and a significant reduction in the local population, as well as a loss of job security across many of the typically high spending sectors.

Visitor numbers however consistently increased from the previous year and feedback from visitors was resoundingly positive. The demographic trends are as expected, this season bringing road-based travellers to the fore. The 'grey nomad' represents 80% of visitors to the Centre across the year. Backpackers present as a constant number of visitors – on average around 40 per week, with locals and family of locals representing the other 10% of visitors.

Operations Reporting

The following provides trends for standing operational activities and enquiries within the Visitor Centre over the quarter.

Tour	October – daily average	November – daily average	December – daily average	Combined total
Telephone enquiries	22	20	16	1,740
Mail enquiries	3	5	4	360
Email enquiries	11	19	16	1380

Tourism Development - The Next Steps

There is an established need for the development and promotion of tourism product within the Pilbara, which has most recently been articulated in the Pilbara Tourism Product Development Plan. In order to capitalise on the assets of our region, and contribute to the economic diversification and opportunity, tourism strategies need to be developed that cater to existing tourists, while also generating or converting new visitors to the region.

It has been identified at a local, state, and national level that Australian regional tourism needs to capitalise on a broader visitor economy (not just leisure tourists) and the unique assets that regional areas have to offer (See Tourism 2020, State Government Strategy for Tourism in Western Australia, and Pilbara

Tourism Product Development Plan). Furthermore, at a state level, Tourism WA have identified increasing contributions from business travellers and increasing the visitors to regional Western Australia as strategic pillars for the growth of the industry (see State Government Strategy for Tourism in Western Australia).

As domestic tourism has been in decline over the last 10 years, this is also a strategic area of focus for state and national tourism campaigns (see The Jackson Report Informing the National Long-Term Tourism Strategy).

FORM proposes to develop a new program called the Pilbara Cultural Tourism Product Initiative (PCTPI). The Pilbara Cultural Tourism Product Initiative takes a holistic approach to marketing the Pilbara region as a desirable and realistic tourism option for Australian travellers. Through the production of a variety of cultural tourism products the initiative will reach out to new audiences, whilst ensuring existing visitors to the region have a rich, fulfilling experience.

FORM understands that in order to increase and extend visitation to the Pilbara (beyond just a business trip, for example) we must do more than offer high-quality customer service and products to customers arriving at our Visitor Centre in Port Hedland; we need to conduct outreach to new audiences, exposing the Pilbara as a desirable and accessible destination. Fundamental to delivering this is our ability to capitalise on the existing and extensive program that FORM delivers in the Pilbara. The outcomes of FORM's artistic residency program themselves create persuasive tourism promotional experiences.

As an example, A Land I Never See, is a carefully curated, experiential exhibition which will recreate the Pilbara in the eyes of people who have little knowledge of its assets and highlights. The artists participating in this exhibition completed long-term residencies in the Pilbara, exploring many destinations across the region. Based on their passion for and connection to this region the artists have created a body of work that transports the viewer into a sensory experience of the region. It is individuals' authentic and meaningful experiences like this that form the most compelling reasons for people to visit the Pilbara as a tourist. It is for this reason we believe that the tour of this exhibition to Perth and Melbourne will do more to excite and entice new visitors to the region than any direct advertising campaign.

Additionally, the development of complementary printed and digital tourism product will offer value to visitors and potential tourists by promoting the region through a well-executed series of film, brochures and interpretive signage. This will allow visitors to carefully plan their upcoming journey, and will also allow visitors on the ground to have access to the unique and exciting experiences promised in a showcase like A Land I Never See. Furthermore, the creation of new and carefully curated artistic and cultural experiences upon arrival in Port Hedland and the Pilbara will offer unique opportunities to visitors and new economic opportunities to Pilbara residents.

The development of this cultural tourism product to service visitors specifically addresses two of the key short-term priorities of the Pilbara Development Commission's Pilbara Tourism Product Development Plan:

- Regional/ Destination Marketing*
- Regional Tourism Trails*

Illustration, signage, and education about established arts and cultural networks will enhance visitor numbers to areas that are established and equipped to receive guests; for example the development of an Arts and Culture trail. The development of such a trail will deliver local economic benefits for artists and cultural facilities, support local employment, encourage local tourism development, and raise the perception of the Pilbara on a national level.

The marketing of the region and its diversity of offerings will improve awareness of the tourism opportunities available within the Pilbara region. Publishing and promoting these cultural products online through existing networks and social media channels addresses a key strategic need for stronger awareness of tourism opportunities through digital media (see the National Long Term Tourism Strategy, The Jackson Report, Tourism 2020, State Government Strategy for Tourism in Western Australia, and Pilbara Tourism Product Development Plan).

It is essential that these tourism products and showcases highlight the cultural and natural assets of the Pilbara, rather than the well-known understanding of the region as an industrial tourism destination. This will in turn bring new tourist markets, driving the need for tourist operators, encouraging more people to undertake tourism service operation in the region, in turn contributing to the region's continued economic diversification.

Pilbara Cultural Tourism Product Initiative

The Pilbara Cultural Tourism Product Initiative (PCTPI) draws together many aspects of local culture into a marketable and consumable product with the aim of engaging and informing existing and potential visitors to the Pilbara region.

The initiative focuses on enhancing regional and destination marketing of both Port Hedland and the broader Pilbara region, through the development of digital, print, and showcase materials. It also looks to showcase the Pilbara as a unique destination experience through the development of a touring exhibition.

The development of these promotional materials and showcase will ensure the Port Hedland Visitor Centre and associated agencies have the knowledge to drive the growth of cultural tourism in areas such as Indigenous culture, Indigenous art, contemporary art and heritage. It will also ensure that new audiences are reached to promote the region as an exciting and appealing tourism destination across the country.

The PCTPI will enhance key priorities of the Pilbara Tourism Product Development Plan by delivering outcomes aligned with Regional/Destination Marketing for the road-based and cruise ship markets. The initiative will establish formative cultural trail development within the region and will provide the ability to effectively market the Pilbara to the Eastern States and overseas.

Combining new and existing resources, the PCTPI will produce a range of marketable outcomes that enhance existing destination experiences, enable new tourism development and deliver a travelling showcase highlighting the hidden strengths, beauty and appeal of the Pilbara region to a national audience.

Key outcomes:

- *Consolidated tourism products (print and digital) for use at Visitor Centre, cruise ships and town entry points, promoting the region's tourism offerings (including brochures, maps, signage and displays).*
- *A touring showcase of A Land I Never See exhibition an authentic 'Pilbara experience' to Perth, Melbourne and Port Hedland.*
- *Development of an arts and culture tour, showcasing arts destinations in the area.*
- *New product lines for sale locally offering economic opportunities to Aboriginal artists and authentic Pilbara products for visitors to buy.*

These outcomes will result in the following benefits:

- *Increased awareness of tourism opportunities in the region, locally and nationally.*
- *Greater profile of the Pilbara in WA and across Australia.*
- *Increased national visitation, resulting in increased tourism expenditure.*
- *Financial opportunities generated for artists in the region – through sale of artworks at existing cultural facilities as well as new products for sale at the Visitor Centre.*
- *Increased local Indigenous employment opportunities as tour facilitators.*

Port Hedland Destination Guide

The Port Hedland Destination Guide aims to promote Port Hedland and the broader Pilbara region as a destination of choice, by consolidating key services, activities, tours, and locations available in Port Hedland and surrounding areas into one printed booklet. The Guide will act as an important travel aid for visitors and potential visitors travelling throughout Western Australia. The Guide also serves as a tool to enhance the reputation of Port Hedland by showcasing the town as a desirable destination in a printed booklet with good quality photographs and engaging content.

The publication will be distributed through the local visitor centre and key entry points such as hotels, caravan parks, the airport, and the Town of Port Hedland's venues and facilities. In addition, the booklet will also be distributed at visitor centres throughout the Pilbara and Kimberley regions, major Western Australia tourism centres and key visitor centres along the East Coast of Australia.

The Port Hedland Destination Guide educates visitors and potential visitors to the region about the tourism, retail and accommodation options available within Port Hedland. The guide aims to meet the needs of road-based travellers, who represent over 80% of tourists to the region, as well as offering relevant tourism information for business travellers and internal Pilbara-based tourism.

The guide aims to facilitate a higher level of engagement and increase the scope of travel and experience within the region. The ability to forward plan and make educated decisions can generate economic benefits to the Port Hedland community by encouraging longer stay and greater engagement.

The project will directly benefit Port Hedland based accommodation, hospitality, tourism suppliers and local business, and arts, cultural and community sectors by including information about their goods and services.

By distributing this information widely, the increase of awareness of the vast range of Pilbara-based tourism offerings is likely to build an increased audience and convert new travellers who had not considered Port Hedland for its rich opportunities.

TOURS

This year we have seen a solidification of the core tourism experiences in Port Hedland. The reframed BHP Billiton Iron Ore Tour is attracting increased popularity and establishing a greater perceived value for customers visiting Port Hedland. The Discover... Industry – BHP Billiton Tour saw a gradual increase in popularity throughout the year and is creating more sustained attention throughout the year.

An increase in the uptake of tours

Contracting the new operator Go West to deliver the tour service has resulted in a much smoother, consistent and friendly tour experience. The tour is steadily growing in its popularity and word of mouth advertising is delivering great outcomes for the Centre ‘on the road’. Go West have been proactive in training a number of drivers as guides for the tour assisting the Centre to deliver the tour consistently throughout the year and respond to unscheduled special tours.

A greater perceived value to the tour

Over the last year, Visitor Centres throughout the Pilbara have worked to align their tour values in order to ensure there is a balance of experience and similar value for service across the Pilbara. In the 2014 season this has led to a shift in visitor acceptance of the cost of tours and experiences locally. The quality of the tour, along with the elevation of its reputation is resulting in a better ‘value for money’ premise.

Cost comparison between centres:

Tour	Adult cost	Children	Free
Port Hedland	\$45	\$30	Under 10 years
Seafarers Centre Harbour Tour	\$45	\$30	
Karratha	\$49.95/ \$39.95 conc	\$19.95	Under 10 years
Newman	\$30	\$15	

Tom Price	\$30	\$15	Under 5 years
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An understanding that Port Hedland is a viable destination for a tourism experience

The increase of Port Hedland's visibility in the media, other visitor centres and online through the marketing and promotion efforts of the Visitor Centre combined with the Town of Port Hedland's own campaign to elevate the town to be a destination of choice for travellers is seeing direct results. The number of people visiting the Centre has increased this year, with visitors noting that they are willing to extend their stay to accommodate a tour.

Based on these trends the Visitor Centre will likely expand the frequency of the Industry Tour in the next season to Tuesday, Thursday and Saturday, to ensure capacity for growth in this area at peak times, whilst not over servicing the populous to the detriment of other tour offerings in town, such as the Harbour Tour.

Tour uptake comparison 2013 – 2014

Tour	Month	2013	2014	
Discover... Industry	April	0	79	
	May	101	112	
	June	160	268	
	July	340	419	
	August	232	354	
	September	200	144	
	October	79	71	
	November	24	0	
	December	0	17	
	Total		1,136	1,464

Tour Comments:

"Very informative, so interesting!"

"Guide was well spoken and clear - with a touch of humour! Most enjoyable."

"Both driver and tour guide were friendly and knowledgeable"

"We really enjoyed the tour and seeing how it all works here in Port Hedland."

Visitor Book Comments:

"Excellent facility. Staff extremely helpful"

"Wonderfully helpful ladies, very informed, many thanks"

" Excellent customer service! Couldn't be more helpful"

"Best visitor centre in NT and WA"

Cruise Ship Visits - Arrivals 2014/2015

The arrivals for this season are:

Date	Ship	Service
Sunday, 2 November 2014	Radiance of the Seas	BHP Billiton Tour
Saturday, 28 February 2015	Celebrity Solstice	BHP Billiton Tour
Wednesday, 11 March 2015	Radiance of the Seas	BHP Billiton Tour
Saturday, 4 April 2015	Voyager of the Seas	BHP Billiton Tour

The Port Hedland Visitor Centre continues to work with the Town of Port Hedland to deliver a range of logistical and event based activities for these visits including:

- Liaison with Intercoaches for shore-based activities, logistics and tours
- BHP Billiton Iron Ore Port Operations Tour
- Activation activities in West End – markets; shuttle bus logistics; Courthouse Gallery guided walkthrough; history tour; liaison with local businesses
- Road closures
- Local business liaison
- Marketing brochures and on-board information

Bookings for the coming season have been increased by Intercoaches by an average of one third for each of the ship visits. Also, due to many of the visits arriving on weekends the uptake by locals and market stall holders has seen also seen a significant increase in this coming season.

Accreditation

The Port Hedland Visitor Centre continues to maintain Level One Tourism Accreditation and T-Qual accreditation as well as enjoying an ongoing relationship with Tourism WA. Tourism WA and ATAP's next scheduled visit to the Centre is in March 2015.

Membership

The Port Hedland Destination Guide, to be produced in early 2015, includes advertising and membership opportunities for local businesses. The Visitor Centre will host a Business After Hours event on February 10, 2015 with the Chamber of Commerce and Industry to promote this opportunity to the Port Hedland business community.

A direct marketing campaign will be undertaken between December and February to engage local businesses in the Destination Guide campaign (see prospectus attached).



During these first couple of years we have focussed on building the reputation of the town with travellers on the road, ensuring they receive quality information and service from the Visitor Centre, can access quality tourism products such as tours and brochures upon arrival and leave Port Hedland having experienced the best it has to offer.

We are building our reputation as a town worth visiting. Visitors are awed by the scale of industry, by the depth of culture and heritage, both Indigenous and pioneering and surprised at how much they enjoy their stay with us in the Pilbara. Now we have laid the foundations it is time to extend.

Early in 2015 we will launch our first Port Hedland Destination Guide. This comprehensive 30 page guide will be distributed throughout the state to other Visitor Centres, key accommodation outlets and airports as the primary guide to visiting Port Hedland. In its first year we are anticipating distributing 40,000 copies to tourists eager to plan their journey to the Pilbara and make the most of their time in Port Hedland. The guide will illustrate local highlights, businesses, tours, retail opportunities and experiences through editorial and photographic content designed to entice and inform the

I would like to extend an offer to your business to become part of the first Port Hedland Destination Guide. We have developed a range of advertising and membership options that I hope will suit your business and assist in the effective promotion of your business to visitors to the Port Hedland community.

The Destination Guide will hit the shelves in March 2015, ready for the next tourist season and will be distributed for a period of 12 months.

Thanks and kind regards,
Natasha

Staffing

Visitor Centre Manager – Natasha Fry

Visitor Centre Support Officer – Mel Evans

Visitor Centre Support Officer – Sue McMahon

Supported by FORM's Perth office for accounting, purchasing and promotional activities

ATTACHMENT 2 TO ITEM 11.1.2



PORT HEDLAND VISITOR CENTRE OPERATIONS
Statement of Profit and Loss
For the Period Ending 31st December 2014

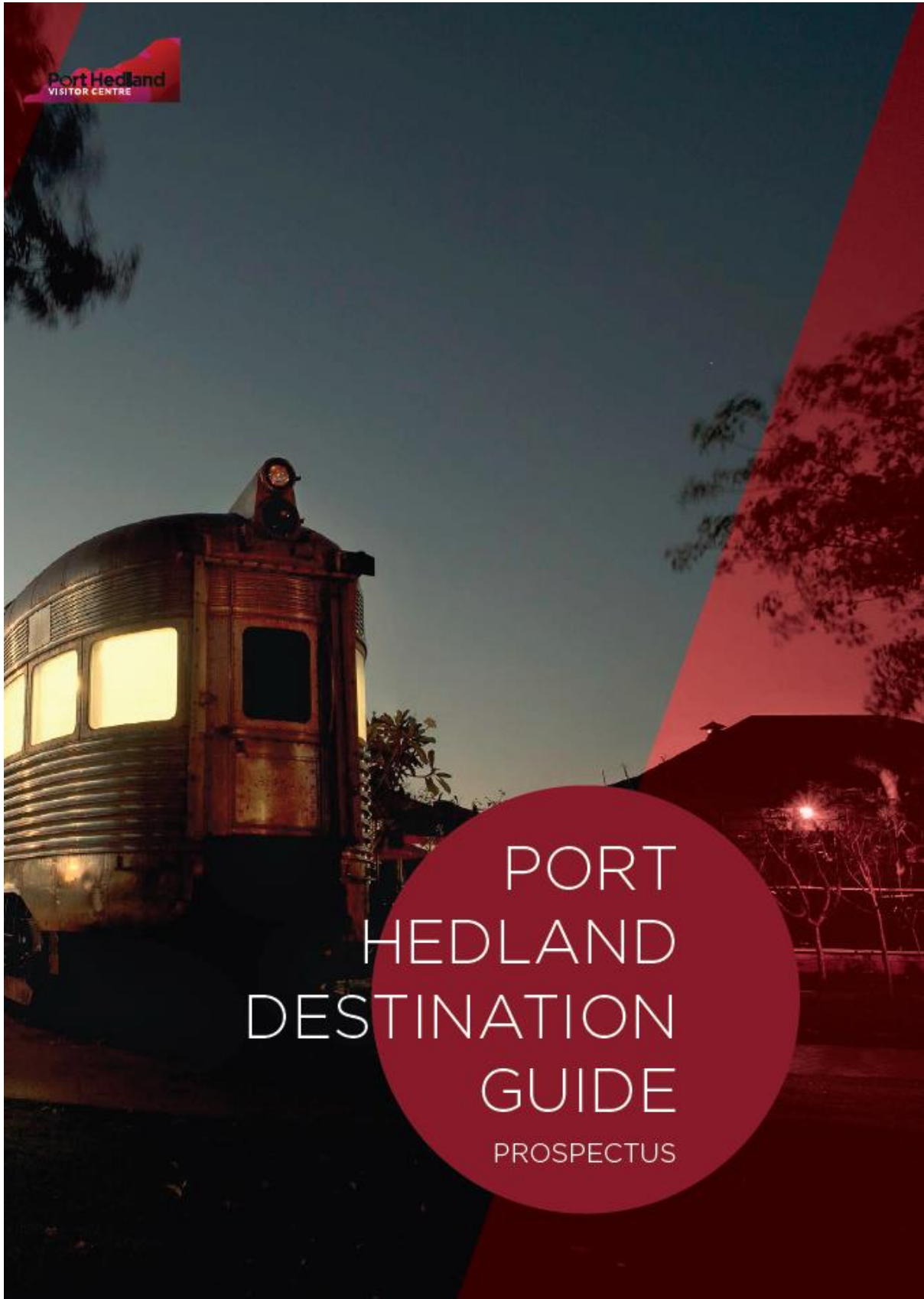
Budget Lines	2014 Quarterly Actual Ending				2014 Actual Total \$	2014 Budget Total \$	Variance Between Actual and Budget \$	Notes
	March	June	September	December				
Sales								1
Sales - Retail	24,840	37,611	73,975	81,755	218,181	200,000	18,181	
Sales - Tours		18,885	36,599	3,318	58,802	60,000	-1,198	
Sales - Membership			773	650	1,423	30,000	-28,577	
Management Fee	85,388	85,388	88,376	88,376	347,527	335,776	11,751	
Sales - Cruise Ship Tours	19,175	4,675		10,025	33,875	27,200	6,675	
Other Earned Income	5,045	5,975	5,886		16,907	20,000	-3,093	
Contribution by FORM								
Total Sales	134,448	152,534	205,609	184,124	676,714.86	672,976	3,739	
Expenditure								2
Cost of Sales								
Cost of Sales - Retail	17,601	30,572	67,817	30,993	146,982	134,000	12,982	
Cost of Sales - Cruise Ship Tours	10,050	2,875		3,893	16,817	20,000	-3,183	
Cost of Sales - Tours		1,624	24,560	7,923	34,107	45,000	-10,893	
Total Cost of Sales	27,651	35,071	92,377	42,808	197,906	199,000	-1,094	
Operating expenses								3
Programming expenses								
- Contractor & Consultant Fees/Travel/Expenses	3,960	1,744		1,879.66	7,584	21,948	(14,364)	
- Staff Development & Training					0	5,000	(5,000)	
- Travel cost for staff recruitment and builder negotiation								
- Freight, Install and Destall	374	117	879	18.86	1,390	2000	(610)	
Total programming costs	4,334	1,862	879	1,899	8,974	28,948	-19,974	
Marketing and Promotion Costs								
- Advertising	2,021	2,129	861	5,306	10,316	30,000	-19,684	
- Publications & Printed Material	3,336	1,109	1,814	2,359	8,617	45,000	-36,383	
- Distributions						21,000		
- Subscriptions/Memberships		298			298	200	98	
- Website devt & hosting stage 1	357	435		7,213	8,005	10,000	-1,995	
Total marketing and promotion costs	5,714	3,970	2,675	14,877	27,236	106,200	-57,964	
Employment costs								
- Salaries, wages and on-costs	62,187	73,825	82,883	96,688	315,583.11	218,254	97,329	
- Staff Housing	13,237	11,428	10,508	10,196	45,369	83,547	-38,178	
Total employment costs	75,424	85,253	93,391	106,884	360,952	301,801	59,151	
Administration Costs								
- Office Consumables & Resources	14,956	7,548	8,958	6,326	37,787	20,696	17,091	
- Communications	1,106	1,174	880	1,610	4,769	5,950	-1,181	
- Legal, Finance & Governance	243	68	802	116	1,229	5,381	-4,152	
- Insurance	1,294	1,940	2,446	3,092	8,772	5,000	3,772	
Total Administration Costs	17,599	10,730	13,086	11,144	52,558	37,027	15,531	
Total operating expenses	103,071	101,815	110,031	134,804	449,720	473,976	-3,256	
Total Cost of Sales and Operating Expenses	130,722	136,886	202,407	177,611	647,626	672,976	-4,350	
Net Income / (Expenditure)	3,726	15,648	3,202	6,513	29,088	0	-611	

Budget Variance Notes:

- 1) Membership sales down
- 2) Changed bus companies and made savings
- 3) Destinations Guide Postponed to 2015, \$29k will be used for production in 2015

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ATTACHMENT 3 TO ITEM 11.1.2



Readying for its launch in 2015, the Port Hedland Destination Guide will become the consummate guide to visiting Port Hedland.

This detailed illustrated guide will showcase the highlights of Port Hedland, as well as providing a perfect opportunity to promote your business to the visiting public. The Destination Guide will be included in Visitor Centres and accommodation providers throughout Western Australia and produced annually.

A guide for your business:

The Port Hedland Visitor Centre and FORM have a record of producing high quality publications including the Pilbara Project photography books, Pilbara Stories and a suite of exhibition catalogues and tourism brochures. The Destination Guide will be no exception, designed and printed by award winning Western Australian firms who are chosen by FORM for their ability to deliver exceptional products and services.

As a non-for-profit enterprise, we are looking for local businesses and tourism providers to support the development of the Destination Guide through a range of affordable advertising options.



OPTION 1: A double page insertion \$2,000

- Editorial crafted by our writers to promote your business
- High quality images, either provided by your business or our our photographer will take new images to promote your business in the Destination Guide (Port Hedland based business' only)

This option will include a complimentary Membership with the Port Hedland Visitor Centre, which entitles your business to a complimentary listing in the Destination Guide, Port Hedland map book, brochure racking, and promotion through social-marketing along with many other benefits.

OPTION 2: A full page insertion \$1,000

You will receive complimentary design services to set your full page artwork in the Destination Guide.

This option will include a complimentary Membership with the Port Hedland Visitor Centre, which entitles your business to a complimentary listing in the Destination Guide, Port Hedland map book, brochure racking, and promotion through social-marketing along with many other benefits.

OPTION 3: A half page insertion \$500

You will receive complimentary design services to set your full page artwork in the Destination Guide.

This option will include a complimentary Associate Membership with the Port Hedland Visitor Centre, entitling you to brochure racking and promotion through social-marketing and invitations to FORM's Regional Program events during 2015.

OPTION 4: Business listing with photograph \$100

This affordable option will ensure your business is listed in the 2015 Destination Guide's service providers.

DISCOVER PORT HEDLAND





APPLICATION FORM

COMPANY NAME:
CONTACT PERSON:
MAILING ADDRESS:
TOWN | CITY: POST CODE:
BUSINESS ADDRESS:
TOWN | CITY: POST CODE:
PHONE: FAX:
MOBILE: EMAIL:
ABN: WEB:

ADVERTISING CATEGORIES

- Option 1 (Double page insertion + Visitor Centre Membership \$2,000 incl GST)
- Option 2 (Full page insertion + Visitor Centre Membership) \$1,000 incl GST
- Option 3 (Half page insertion + Visitor Centre Associate Membership) \$500 incl GST
- Option 4 (Business Listing) \$100 incl GST

If you have any queries regarding your application, please contact the Visitor Centre Manager on (08) 9173 1711 or email info@visitporthedland.com


PAYMENT METHOD (please check):

CHEQUE CASH MASTER CARD VISA

CARD NUMBER: SECURITY CODE:
EXPIRY DATE: AMOUNT: \$
SIGNED: DATE:

PORT HEDLAND DESTINATION GUIDE

SAMPLE



THINGS TO DO
BHP BILLITON IRON ORE TOUR

Hop onto a guided tour of BHP Billiton Iron Ore's Nelson Point facility to watch the bucket wheel reclaimers and ship loaders that dominate Port Hedland's horizon and gain an understanding of how the mining industry works. BHP Billiton's iron ore operations

VISITOR'S BOOK

contact details
08 9173 1711

price
\$70



THINGS TO DO
THE WEST END MARKETS

A popular arts and craft markets four times a year (in April, June, August and October) in the gardens around the Courthouse Gallery in the West End Cultural Precinct.

Each event sees around 45 local and regional makers set up shop and offer you their handmade wares including paintings, textile

VISITOR'S BOOK

contact details
08 9173 1711

price
\$5-20

getting there
the 'West End',
Courthouse Gallery



DINING
WEDGE STREET COFFEE SHOP

VISITOR'S BOOK

contact details
08 9173 1711

price
\$5-20

getting there
13 Wedge Street,
Port Hedland

comments
a friendly local
coffee shop

Photography: Train by Paul Parin, Reclaimer courtesy BHP Billiton. All other Photos by Bill Shaylor.



form.
building a state of creativity

FORM Gallery
357 Murray street, Perth, WA, 6000
T: +61 8 9226 2799
Email: mail@form.net.au

Port Hedland
VISITOR CENTRE

Port Hedland Visitor Centre
13 Wedge Street, Port Hedland, WA, 6721
T: 9173 1711
Email: info@visitporthedland.com

11.1.3 Courthouse Gallery Quarterly Review: October to December 2014

Paul Howrie, Manager Community Development
File No. 20/01/0026

DISCLOSURE OF INTEREST BY OFFICER

Nil

201415/025 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION

MOVED: MAYOR HOWLETT

SECONDED: CR HUNT

That the Audit and Finance Committee receive the 2nd quarter report (1 October to 31 December 2014) for the Courthouse Gallery from FORM Contemporary Craft and Design Inc.

CARRIED 3/0

EXECUTIVE SUMMARY

The purpose of this report is for the Audit and Finance Committee to review the second quarter report (1 October to 31 December 2014) for the Courthouse Gallery from FORM Contemporary Craft and Design Inc.

DETAILED REPORT

The contract for the management of the Courthouse Gallery was agreed between the Town of Port Hedland and FORM Contemporary Craft and Design Inc. for the period 1 July 2010 to 30 June 2012. A further period of contract management has since been negotiated and endorsed by Council at OCM 27 June 2012 from 1 July 2012 to 30 June 2015.

Under clause 3.3.10.1 of the agreement, FORM is to provide Council with a quarterly report, including the following:

- Income and expenditure
- Statement of variations (between budget and actual)
- Patronage of programs and activities
- Customer/consumer trend analysis
- Any complaints
- Customer feedback
- Statement of repairs and maintenance undertaken
- Any capital works recommended
- Report on safety issues
- Opportunities for collaboration with the Town of Port Hedland
- Damage incurred by the Centre
- Progress on KPIs.

This report and subsequent attachments endeavour to provide the Committee with information to satisfy the requirements listed in Section 3.3.10.1 of the FORM contract.

Desired outcomes of the agreement with FORM are as follows:

- High and increasing usage of the facilities by a broad diversity of groups and individuals in keeping the integrity of the Gallery's core purpose
- High quality customer service to visitors of the Gallery
- A focus on continuous improvement and service growth at the facility
- A safe, clean and hygienic environment for staff, customers and other visitors
- Strong, accountable financial management
- Clear, concise, accurate quarterly reporting on the operations of the facility
- Input into the service direction and/or capital improvement initiatives that can/should be undertaken to improve operations at the facility.

This quarter of FORM's budget has been strong, with the net income after expenditure for the December quarter being \$258,573 boosted in part through some sponsorships. This is an improvement on previous quarters' profit of \$334. Prior to this have been net losses of \$106,998 (March) and \$186,681 (June) respectively. The attachments also highlight some of the programs and workshops which have been held at the facility over the reporting period. Attendance figures included 4958 people in October, boosted by the West End Markets, with 945 and 487 attendees respectively for November and December.

FINANCIAL IMPLICATIONS

Council's 2014/15 budget contains an allowance of \$404,790 per annum for the contract management of the Courthouse Gallery, payable quarterly.

STATUTORY AND POLICY IMPLICATIONS

Section 1.2 of the Town's Strategic Community Plan 2014 – 2024 refers to the Town having a vibrant community rich in diverse cultures. This includes providing safe and accessible community facilities, services, events and open spaces that connect people and neighbours.

ATTACHMENTS

1. Operational Report
2. Gallery Repairs and Maintenance report
3. October – December 2014 Quarterly Report
4. Gallery Attendance Report

6 February 2015



building a state of creativity

PORT HEDLAND COURTHOUSE GALLERY OPERATIONS

Statement of Profit and Loss

for the Year Ending 31 December 2014

Budget Lines	2014 Quarterly Actual Ending				2014 Actual Total \$	2014 Budget \$	Variance Between Actual and Budget \$	Notes
	March	June	September	December				
Turnover								
Sales	72,917	102,948	122,336	173,301	471,502	499,000	-27,498	
Management Fee - Town of Port Hedland	98,325	98,325	98,325	98,325	393,300	386,650	6,650	
OFTA (DEWHA) - Indigenous Exhibition Development	52,500		70,000	50,000	172,500	105,000	67,500	
Sponsorship			188,965	261,035	450,000	300,000	150,000	1)
Hedland Art Award Partners			36,091		36,091	50,000	-13,909	
Other Grants				39,950	39,950		39,950	
Lotterywest				22,000	22,000		22,000	2)
Sundry Income - Donations, Workshop Fees, etc.	4,978		6,756	16,692	28,426	57,120	-28,694	
Total grants and sponsorships	155,803	98,325	400,137	488,002	1,142,267	898,770	243,497	
Total Turnover	228,720	201,273	522,473	661,303	1,613,769	1,397,770	215,999	
Expenditure								
Cost of Sales	49,740	63,939	88,859	114,860	317,406	302,380	15,026	
Operating expenses								
Programming expenses								
- Exhibition Program	56,960	42,714	105,982	27,273	232,928	230,895	2,034	
- Workshops Program	38,896	59,579	87,715	26,817	213,008	154,515	58,493	3)
- Other Programs	20,834	41,309	33,745	40,434	136,322	154,100	-17,778	
Total programming costs	116,690	143,602	227,442	94,524	582,258	539,510	42,749	
Marketing and Promotion Costs								
- Advertising	1,075	2,560	4,064	2,602	10,301	6,675	3,626	
- Website devt & hosting stage 1	31	54	0	1,469	1,553	5,000	-3,447	
Total marketing and promotion costs	1,106	2,614	4,064	4,071	11,855	11,675	180	
Employment costs								
- Salaries, wages and on-costs	111,071	120,199	156,633	134,386	522,289	371,000	151,289	4)
- Staff Housing	39,711	34,285	27,126	25,633	126,755	85,000	41,755	4)
Total employment costs	150,783	154,484	183,759	160,018	649,044	456,000	193,044	
Administration Costs								
- Office Consumables & Resources	13,010	16,716	12,771	23,121	65,618	97,470	-31,852	
- Communications	1,796	2,623	1,821	1,856	8,097	11,200	-3,103	
- Legal, Finance & Governance	1,291	2,036	1,644	1,853	6,824	6,530	294	
- Insurance	1,294	1,940	1,779	2,426	7,438	7,300	138	
Total Administration Costs	17,390	23,315	18,015	29,257	87,977	122,500	-34,523	
Total Operating Expenses	285,969	324,015	433,280	287,870	1,331,134	1,129,685	201,449	
Total Cost of Sales and Operating Expenses	335,709	387,954	522,139	402,730	1,648,540	1,432,065	216,475	
Net Income / (Expenditure)	-106,988	-186,681	334	258,573	-34,771	-34,295	-476	

Budget Variance Notes:

- 1) Sponsorship Marlborough Wanggagu / Once Upon a Time in the West
- 2) IT Grant
- 3) Jewellery Workshops - Development for Exhibitions 2015
- 4) Employed more Staff members for Courthouse Gallery & Indigenous Exhibition

form.

building a state of creativity

Port Hedland Courthouse Gallery Programs

Statement of Profit and Loss

For the Year Ending 31 December 2014

Budget Lines	2014 Budget \$	Cumulative Total - Actual	2014 Quarterly Actuals Ending			
			March	June	September	December
Programming Budget Calendar Year 2014						
Exhibition Program						
Caught On The Wind Exhib (Sharon Jack, Leonie Cannon)						
Growing Up In Port Hedland Exhib (David Hooper)	19860	17,648	17,648			
Helen Ansell (Mulla Mulla) & Karntimarta Brush Artists	49,095	54,966	39,058	15,095	813	
Renee Hay (Overgrowth) & Martumilli	25,245	32,300		25,900	6,322	77
It's What You See Exhib (Di, Naomi, Mel / Gumula)	25,215	20,929			1,431	19,499
Hedland Arts Award	111,480	107,086	254	1,719	97,416	7,697
Total Exhibition Program Cost	230,895	232,928	56,960	42,714	105,982	27,273
Workshops						
Indigenous Exhibition Development	86,660	119,858	22,421	33,432	37,506	26,499
The Unexpected Jeweller	33,068	90,367	16,475	26,148	47,427	318
Visual Arts Development Workshop	13,945	2,783	0	0	2,783	0
Photo P.H.otography: Photography Camp	20,843	0	0	0	0	0
Total Workshops Program Cost	154,515	213,008	38,896	59,579	87,715	26,817
Other Programs:						
Westend Markets	145,900	127,411	18,938	35,881	32,262	40,330
STAFF Travel	8,200	8,911	1,897	5,429	1,483	103
Total Other Programs	154,100	136,322	20,834	41,309	33,745	40,434
Total Projected Programming Expenditure	539,510	582,258	116,690	143,602	227,442	94,524

ATTACHMENT 2 TO ITEM 11.1.3

Courthouse Gallery Maintenance Report 2014

Go To Contacts

Pip Jarkiewicz - TOPH,
spg@porthedland.wa.gov.au
. 9172 1914, 0419 198 649

Kez - Environmental
Industries, 0402 293 512,
maintenance2@wintgc.com

Gary - TOPH, 0427 986 520,
buildm@porthedland.wa.gov
.au

Gardens and park maintenance

Gardens maintenance for markets etc.

Gallery maintenance including power outages

Date	Responsibility	Issue	Contractor	Action/Comments
JANUARY				
10.1.14	Town Of Port Hedland	Warped flooring and cleaning cupboard door damage was identified after cyclone.	Kevin Clarke (Maintenance officer, TOPH)	The floor damage was isolated to the hallway door. Repairs to floor undertaken.
	Town Of Port Hedland	White ants seen in the foyer ceiling light	Kevin Clarke (Maintenance officer, TOPH)	Issue raised with TOPH.
	Town Of Port Hedland	Water damage identified in the retail space's ceiling.	Kevin Clarke (Maintenance officer, TOPH)	Issue raised with no action undertaken.
10.1.14	Town Of Port Hedland	Damage to the Manse building's veranda identified after cyclone	Kevin Clarke (Maintenance officer, TOPH)	Issue raised with TOPH.
	Town Of Port Hedland	Water damage in ceiling near fire hydrant	Kevin Clarke (Maintenance officer, TOPH)	Issue raised with TOPH.
15.01.14	Town Of Port Hedland	Air conditioning unit in retail space not working.	Michael (ACS - air-conditioning contractor)	Contractor Michael from ACS fixed the issue. Michael noted that last Winter he recorded all the aircon units needed a full service.
16.01.14	Town Of Port Hedland	Power tripped in Main Gallery.	Kevin Clarke, Gary Ward (Maintenance officer, TOPH)	Called Tracey at TOPH to report electrical issue- Kevin and Gary repaired fault
FEBRUARY				
3.2.14	Town Of Port Hedland	Damage to the Manse building's veranda identified after cyclone	Malantino Developments	As identified on 10 January, the Manse's veranda repairs were undertaken. New corrugated tin was replaced by Malantino Developments
		Warped flooring and cleaning cupboard door damage was identified after cyclone.		As identified on 10 January, the cleaning cupboard door and handle was replaced
4.2.14	Town Of Port Hedland	Men's toilet light not working	Gary Ward (Maintenance officer, TOPH)	Gary Ward advised the men's toilet light was not working. Gary appointed David Redding (electrical)
4.2.14	Town Of Port Hedland	Men's toilet light not working	David Reddings (electrical contractor)	Fixed switch in men's bathroom and re-labelled switch board as per issue identified by Gary Ward

21.2.14	Town Of Port Hedland	Damage to the Manse building's veranda identified after cyclone	Kevin Clarke (Maintenance officer, TOPH)	New handle was fitted by Kevin of Town of Port Hedland
MARCH				
6.3.14	Town Of Port Hedland	Aircon Leaking	Kevin Clarke, Gary Ward (Maintenance officer, TOPH)	Aircon at end of gallery hallway leaking. Kevin attended to this issue and it has been resolved.
27.2.14	BHP	Whirlybird on Bungalow ceiling damaged	ARB Carpentry	Repairs undertaken by ARB Carpentry
28.2.14	Town Of Port Hedland	Looked at main beam between the retail shop and the hallway, also looked at swollen floor	Kevin Clarke, Gary Ward (Maintenance officer, TOPH)	
28.2.14	BHP	Double door lock damaged in cyclone	ARB Carpentry	Repairs undertaken to double doors
31.3.14	Town Of Port Hedland	Bolt on Gallery door damaged	ARB Carpentry	Bolt replaced
APRIL				
No issues reported				
MAY				
27.5.14	Town Of Port Hedland	Outside lights not working	Gary Ward (Maintenance officer, TOPH)	Electrician called and conducted repairs to outside lights.
27.5.14	Town Of Port Hedland	One 1 x ceiling light in the gallery not working	Gary Ward (Maintenance officer, TOPH)	Issue was looked at. No repairs undertaken.
JUNE				
6.6.14	Town Of Port Hedland	White Ants noticed in the last exhibition room down the hallway	Gary Ward (Maintenance officer, TOPH)	Gary Ward to engage pest control to spray affected area
7.6.14	Town Of Port Hedland	White Ants noticed in the last exhibition room down the hallway	PEST Management	Issue investigated. No action need at this time
30.6.14	Town Of Port Hedland	One 1 x ceiling light in the gallery not working	Kevin Clarke (Maintenance officer, TOPH)	Raised issue with electrical repair company
30.6.14	Town Of Port Hedland	The sinks in both men's toilet and kitchen weren't draining	Kevin Clarke (Maintenance officer, TOPH)	Kevin resolved issue with both sinks
JULY				
3.7.14	Town Of Port Hedland	Air conditioner units required servicing.	Josh (ACS - air-conditioning contractor)	Service on units undertaken
3.7.14	Town Of Port Hedland	Drainage issue identified in men's toilets	Gary Edwards (plumbing contractor)	Plumber resolved issues.
AUGUST				
No issues reported				
SEPTEMBER				
15.9.14	Town Of Port Hedland	Air conditioning in retail space not working	Gary Ward (Maintenance officer, TOPH)	Raised issue with Gary
29.9.14	Town Of Port Hedland	Air conditioning in retail space not working	Dylan (Pilbara Comfort Air - air-conditioning contractor)	Ceiling lights x 2 not fixed from many previous requests. Repairs undertaken

OCTOBER						
03.10.14	Town Of Port Hedland	Light outage in retail space	David Reddings (electrical contractor)	replaced 3 x down lights in the retail space		
02.10.14	Town Of Port Hedland	Reticulation issue identified in Gallery Gardens	Christine (TOPH)	Repairs undertaken		
9.10.14	Town Of Port Hedland	Air conditioning in retail space not working	Michael (ACS - air-conditioning contractor)	A stepping motor was jammed and repairs undertaken. In addition, the unit was professionally cleaned		
NOVEMBER						
No Maintenance						
DECEMBER						
No Maintenance						

ATTACHMENT 3 TO ITEM 11.1.3

Port Hedland Courthouse - Gallery Quarterly Report: October – December 2014

Repairs and Maintenance

The following repairs and maintenance were carried out:

Date	Issue	Contractor	Action/Comments
OCTOBER			
02/10/14	Outside reticulation not working	Christine -TOPH	Christine came and fixed the sprinklers
03/10/14	Lighting out in retail space	David - Reddings Electrical	replaced 3 x down lights in the retail space
09/10/14	Retail space air conditioner not working	Michael – ACS	fixed retail space air con- stepping motor was jammed and a strip chemical clean
NOVEMBER			
No Maintenance			
DECEMBER			
No Maintenance			

Incident reporting

With an increase in visitation to the West End through tourism, and general issues with theft in the West End increasing, the Gallery reported stolen items from the retail space in the later part of 2014. Even though staff are present on the store floor visitors are in the retail space, it is not always possible to observe each person when attending to an enquiry or providing assistance to other customers. In most cases, smaller items were the target of theft so the merchandising of smaller products has been rearranged in order to minimise these incidences in the future. In addition, the Gallery is looking at installing a magnetised technology, assisted by an alarm in the early part of 2015.

Damage to the Gallery and/or Gallery assets

Not applicable

Customer feedback

Public feedback for the following programs is included in this report:

- Exhibition feedback: 2014 Hedland Art Awards (August 29th - 12th October)
- *It's What You See, Mollycamp and Landscapes* (October 24th – January 2015)

Workshop feedback

Not applicable

Port Hedland Courthouse - Gallery Quarterly Report: October – December 2014

Operational Report: Port Hedland Courthouse Gallery

Exhibition Program

The Gallery's exhibition program provides important opportunities not only for local artists to showcase their work, but for artists and the general community to have access to cultural expressions from outside of the region, enriching the experience of the local creative industries.

After the successful 2014 Hedland Art Awards in August, the Courthouse Gallery launched its final three exhibitions of the year. Occupying the main gallery, *It's What You See* was a collaboration between Diana Boyd, Melissa North, and Naomi Stanitzki who created work in their different styles to produce a unique view of the Pilbara landscape. At the same time in the smaller rooms, Spinifex Hill Artist Winnie Sampi launched *Landscapes*, a collection of acrylics on paper, and a group show of Spinifex Hill Artists, *Mollycamp*, presented a collection of work produced in Molly Woodman's front driveway and at Spinifex Hill Studios.

2014 Exhibition Program Matrix

Exhibition Name	No. of Exhibitions	Exhibition Days	No. of Attendances
Caught on the Wind/Growing up in Port Hedland	2	69	1380
Floribundus/Karntimarta Brush Artists	2	44	1508
Martumili Marlakurrinpa/Inhabit	2	62	1936
Hedland Art Awards 2014	1	44	1774
It's What You See/Mollycamp/Landscapes	3	107	1835

Exhibition development for 2015's program commenced, engaging high-profile national street artists Beastman and Vans the Omega who will come to Port Hedland to exhibit a collaborative body of work that is inspired by Pilbara aerial landscapes. The artists will be exhibiting individual, collaborative, and installation works.

Running concurrently with Beastman and Vans the Omega, *A Dot on the Run*, is a survey exhibition of drawing from artists across Western Australia.

Other Programs – West End Markets

The West End Markets, founded in October 2010, have become a much loved event on Port Hedland's social calendar. The program's origins were in creating a platform for Pilbara artists and craftspeople to sell their work in a trading environment, specifically catering for handmade items as they become uncompetitive amongst imported and mass produced product. In addition to servicing the local creative sector, the markets aimed to offer the community a fun and inclusive family-friendly event where they could be entertained, socialise, and contribute to the local creative economy. In 2014 the Markets attracted stallholders from up to 1,500km away, demonstrating their reputation as a quality event for artists and craftspeople to sell their products. Feedback from stallholders following the October event demonstrated the importance of this program for local artists *"I like being amongst like-minded arts and crafts community, and the fact that the community accept all homemade or homegrown products, and*

appreciate the time stall holders have put into their respective crafts, and are willing to pay.” Stallholder quote.

In 2014 *Pilbara Food Edition* program was formed as an extension of the October West End Markets, in response to community feedback requesting to see food playing a central role alongside craft and handmade goods. FORM engaged Perth-based chef, Sophie Budd of Taste Budds Cooking Studio for a year-long engagement at the Markets.

The *West End Markets: Pilbara Food Edition* on October 25th, celebrated the deli-style product makers, producers, and multicultural food culture in Port Hedland. The Markets showcased the cultural diversity of the Pilbara through a mix of hawker’s style food stalls offering market-goers a sample of cuisines from around the world. Programming on the ‘Silver Star Stage’ included a cooking demonstration by renowned chef Simon Bryant of ABC’s *The Cook and the Chef*, and local musicians to entertain the crowds. Its estimated attendance was around 4000 patrons throughout the afternoon. Following the Markets, Simon Bryant cooked an Asian inspired long table dinner, held on Wedge Street for over 40 guests.

Cultural Tourism

The Gallery works closely with the Port Hedland Visitor Centre and Town of Port Hedland in showcasing the town to passengers disembarking from cruise ships. On the 2nd of November the Gallery opened *Its What You See, Mollycamp* and *Landscapes* to cruise ship passengers as part of the activities offered in the West End. The Gallery recorded visitation of around 350 patrons during the visit.

Other Events

October (attendance)

- 24th – Exhibition opening (450)
- 25th – Exhibition floor talk (50)
- 25th – West End Markets (4000)

November (attendance)

- 7th – Governor General Visit (50)
- 11th – PDC function (55)
- 22nd – Aesop product launch (30)
- 27th – Exhibition floor talk (7)

December (attendance)

- 6th - Worley Parsons function (20)

Bungalow

The Bungalow is unavailable to the public – it is only for use of BHP.

Upcoming 2015 events*February*

Visual Arts Workshop with Ian de Souza

Craft and stallholder development workshop with Andrew Christie

March

Two exhibition openings: in the main gallery, *Beastman and Vans the Omega*, and in the smaller rooms *A*

Dot on the Run

West End Markets

Opening Hours

Monday to Friday: 9am-4.30pm

Saturday: 9-2pm

Sunday: 9-2pm

Staffing

Gallery Manager – Victoria Sinclair

Gallery Manager – Amy Plant

Gallery co-coordinator – Aimee Sharpe

Gallery Support Officer – Deb Evans

Gallery Support Officer (Part-time) – Elisa Trifunoski

(New staff members 2015)

Gallery and Exhibitions Coordinator – Amy McKee

Regional Programming Coordinator – Katie Evans

ATTACHMENT 4 TO ITEM 11.1.3

COURTHOUSE GALLERY ATTENDANCE

	October 2013
	506
Event	
West End Markets 25.10.14	4000
Exhibition opening 24.10.14	450
Visits	
Luke Van Beck ' Consolidated Minerals' perth	2
Functions	
Total Attendance	4958

	November 2013
	433
Event	
2.11.14 Cruiseship markets	350
22.11 Aesop product launch	30
27.11.14 Art Talk - Greg Taylor	7
Visits	
Functions	
6.11.14 Worley Parsons Function	20
7.11.14 Gov. General visit and luncheon	50
11.11.14 PDC Function	55
Total Attendance	945

	December 2013
	487
Event	
<i>No events or special visits</i>	
Visits	
Functions	
Total Attendance	487

201415/026 AUDIT & FINANCE COMMITTEE DECISION**MOVED: MAYOR HOWLETT****SECONDED: CR HUNT**

That the Audit & Finance Committee suspend sections 9.4, 9.5 and 9.9 of the Standing Orders Local Law 2014 in accordance with section 18.2 'Suspension of Standing Orders' for YMCA to discuss the reports.

CARRIED 3/0

12:26pm Presiding Member advised that sections 9.4, 9.5 and 9.9 of the Standing Orders Local Law 2014 have been suspended.

201415/027 AUDIT & FINANCE COMMITTEE DECISION**MOVED: MAYOR HOWLETT****SECONDED: CR HUNT**

That the Audit & Finance Committee resume sections 9.4, 9.5 and 9.9 of the Standing Orders Local Law 2014.

CARRIED 3/0

1:09pm Presiding Member advised that sections 9.4, 9.5 and 9.9 of the Standing Orders Local Law 2014 have been resumed.

11.1.4 Town of Port Hedland Leisure Facilities Management Contract Second Quarter Report 2014/2015

Graeme Hall, Manager Recreation Services and Facilities
File No. 26/04/0015

DISCLOSURE OF INTEREST BY OFFICER

Nil

201415/028 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION**MOVED: MAYOR HOWLETT****SECONDED: CR HUNT**

That the Audit and Finance Committee endorse the second quarter report (attachment 1) for the operation of the Town of Port Hedland Leisure Facilities Management Contract with the YMCA of Perth for the Period 1 October 2014 to 30 December 2014

CARRIED 3/0

EXECUTIVE SUMMARY

The purpose of this report is for the Audit and Finance Committee to note the second quarter report 2014/15 as presented by the YMCA for the Town of Port Hedland Leisure Facilities Management Contract.

It is recommended that the December report received from the YMCA be endorsed.

DETAILED REPORT

The YMCA of Perth is engaged to manage the Town of Port Hedland Leisure Facilities. The current contract agreement commenced in July 2012 and is for a four year term.

The YMCA is required to provide a monthly report by the 15th day of each month. Attached is the December 2014 report (attachment 1) as provided by the YMCA. The December 2014, report outlines the budget details for each facility up to the conclusion of the second quarter (December 2014).

The financial summary for all three facilities on page 4 of 16 of the monthly report shows that income at all three facilities is below budget expectations. Expenditure at the two aquatic facilities is exceeding budget expectations. Expenditure at Wanangkura Stadium has been constrained by the YMCA to such a level that the variance is only \$68,857 worse than the anticipated budgeted deficit of \$85,973. This is significant given that income for Wanangkura Stadium is \$292,334 below what was anticipated.

Major savings at Wanangkura Stadium have been achieved through reduced staffing costs (Centre Manager \$75,909, Crèche Team Leader \$19,870, Gym Manager \$11,830, Team Sports Manager \$13,173). Other significant saving identified are maintenance \$22,948 and training \$11,652). It needs to be noted that the savings identified are not sustainable in the long term and may in the long term compromise the operation of the facility.

An observation from the operation of the aquatic centres is that the cost of staffing is outside of the budget parameters. Expenditure on Duty Managers and Aquatic Education are greater than budgeted. The costs of Lifeguards at Gratwick Aquatic Centre is over expended as is the Centre Manager expense at South Hedland Aquatic Centre.

Maintenance at both aquatic centres is under-expended which is not supported given that aquatic facilities are environments that require continual preventative maintenance.

FINANCIAL IMPLICATIONS

Table 1 below outlines the financial performance of the three leisure facilities.

Table 1 - 30 December 2014 Actuals

	Budget	Actual	Variance
Income	\$1,793,893	\$1,343,089	(\$450,804)
Expenditure	\$2,709,150	\$2,540,170	\$168,980
Total	(\$915,257)	(\$1,197,081)	(\$281,824)

STATUTORY AND POLICY IMPLICATIONS

Section 1.2 'A vibrant community rich in diverse cultures' of the Strategic Community Plan 2014 – 2024 applies as the contract with the YMCA seeks to deliver facilities and services of a high standard and therefore attract and retain residents and increase the permanent population of the Town.

ATTACHMENTS

1. YMCA Report 30 December 2014 (Under Separate Cover)

6 February 2015

11.1.5 YMCA Financial Update - Audit and Finance Committee

Graeme Hall, Manager Recreation Services and Facilities
File No. 26/04/0015

DISCLOSURE OF INTEREST BY OFFICER

Nil

201415/029 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION

MOVED: MAYOR HOWLETT

SECONDED: CR HUNT

That the Audit and Finance Committee note the report to the Town of Port Hedland Audit and Finance Committee dated 6 February 2015 as provided by the YMCA.

CARRIED 3/0

EXECUTIVE SUMMARY

At the Audit and Finance Committee meeting on 19 November 2014, a report was requested by the committee from the YMCA. The report sought further insight into the budget position of the leisure centre operations, with an action plan that outlined how the YMCA were proposing to address the current financial performance.

It is recommended that the report from the YMCA (attachment 2) be noted.

DETAILED REPORT

The Audit and Finance Committee on 19 November 2014 requested a report from the YMCA regarding the operational deficit at the leisure centres. The report was required to include an action plan that addresses the current financial performance. The report was requested as a result of the financial information outlined in the September 2014 monthly report.

Correspondence was forwarded to Ross Krywood - CEO, YMCA Perth on 17 December 2014, advising of the request by the Audit and Finance Committee. A copy of the letter to the YMCA is included as attachment 1.

The September 2014 report to the Audit and Finance Committee identified that as of 31 September 2014, the leisure centres had a year to date (YTD) operational deficit of \$628,000. This amount is \$210,979 (YTD) greater than the anticipated budget deficit of \$417,021(YTD).

The report provided by the YMCA (attachment 2) indicates the operational deficit as of 31 December 2014. The leisure centres have an operational deficit of \$1,197,081(YTD). This is \$281,824 (YTD) greater than the budgeted deficit of \$915,257(YTD).

The contract with the YMCA is a fixed price arrangement. In the 2014/2015 financial year the YMCA are required to deliver the facilities in accordance with the following budget parameters:

Table 1-Contract Details

Facility	Operational Deficit	Management Fee	Total Facility Cost
Wanangkura Stadium	\$204,746	\$176,083	\$380,829
Gratwick Aquatic Centre	\$552,155.99	\$69,875	\$622,030.99
South Hedland Aquatic Centre	\$1,102,800	\$68,524	\$1,171,324
Total	\$1,859,701.99	\$314,482	\$2,174,183.99

The YMCA invoice the Town on a monthly basis. The agreed operational deficit and management fee are annualised with the Town receiving a set monthly invoice from the YMCA. This amount would only vary if the YMCA were to request a budget variation which would require adoption by Council.

The report provided by the YMCA outlines the financial performance by the YMCA and offers two revised forecasts for the operation of the centres through to the end of the financial year. As requested the document provides an Action Plan of strategies the YMCA view as critical to improving the current financial position of the leisure centres.

The Town's contract with the YMCA is a fixed price agreement, the current budget shortfall as outlined in Table 1 above indicates that the three leisure facilities will have an operational deficit of \$1,859,701.99. The YMCA have indicated that based on current trends the operational deficit could be \$2,400,306.00. This is an increase of \$540,604.01 on the anticipated budget.

As part of the report to the Audit and Finance Committee the YMCA have prepared a revised forecast that suggests the operational deficit could be reduced. The revised forecast proposed an operational deficit of \$2,100,644. The YMCA's anticipated outcome remains \$240,942.01 below budget expectations. This figure suggests that the YMCA are proposing to reduce the budget deficit by \$299,662 in the remaining six months of this financial year.

Based on the operating figures provided as of 31 December 2014, the following commentary can be provided:

Wanangkura Stadium

Income is down by \$291,907 across all operational areas, these include:

- Gym membership \$156,711
- Room hire \$19,992
- Sport competitions \$20,682
- Adult term programs \$15,912
- Children's term programs \$14,418

From an expenditure perspective the budget is presenting a result that is \$68,431 better than forecast. This figure is muted by the fact that some of the savings are being made to unsustainable cost centres, these being:

- Salaries
 - Centre Manager \$75,909
 - Crèche Team Leader \$19,870
 - Health Club Manager \$11,830
 - Team Sports Manager \$13,173
- Marketing \$9,472
- Training \$11,652
- Maintenance \$22,948

The major savings from a dollar perspective are being made to line items that are not considered sustainable if the facility is to maintain an acceptable level of service.

Aquatic Centres

Income is down across all income areas of the aquatic centre, with no specific reason, as the year has been largely unaffected by uncontrollable incidents such as weather events or mechanical failure. Of particular significance is that the WaveRider has been operational for most of the year as a result of a regular service regime being implemented.

- Gratwick Aquatic Centre \$26,485 (variance to ytd budget)
- South Hedland Aquatic Centre \$132,411 (variance to ytd budget)

Further to the expenditure not being constrained and therefore exceeding the budget expectation by \$132,411. Some of the savings evident from the operations of both aquatic centres are:

South Hedland Aquatic Centre-

- Café \$37,962
- Maintenance \$9,726
- Lifeguards \$29,880
- Maintenance \$9,726
- Marketing \$7,856

Gratwick Aquatic Centre-

- Centre Manager \$36,768
- Maintenance \$4,541
- Marketing \$2,799

The under expenditure at Gratwick Aquatic Centre is adversely offset by over expenditure on:

- Duty Management \$43,870
- Pool Chemicals \$15,092
- Lifeguards \$14,086

Based on the information provided above it is clear that there is no pattern or rationale to the leisure centres current financial position. It is also clear that the savings being made are not sustainable and detrimental to the long operation for the facilities.

This lack of clarity is most clearly articulated through the performance of the 'Aquatic Education' program at both aquatic centres. This program is showing both reduced income as well as over expenditure. This is an extraordinary occurrence for which no clear explanation has been provided. An overview of the Aquatic Education program is provided below:

South Hedland Aquatic Centre

- Aquatic Education Income \$20,461 (reduced income)
- Aquatic Education Expenditure \$18,139 (over expended)

Gratwick Aquatic Centre

- Aquatic Education Income \$4,080 (reduced income)
- Aquatic Education Expenditure \$7,893 (over expended).

Operational and Financial Concessions

From an operational perspective the Town has made a number of amendments to the overall conditions of the YMCA contract. The concessions provided include:

Council approved the YMCA to operate outside of the Town of Port Hedland's enterprise bargaining agreement. This Council decision eliminated the constraints being placed on the YMCA when employing staff.

The housing allowance included historically in budgets has not been reduced by YMCA (\$2,200 per week for three dwellings at \$343,200 per annum). The YMCA now has its own (externally funded) housing in Port Hedland and two of the three staff receiving accommodation have been relocated to the new dwellings. This cost continues to be incurred by the Town.

Council decision in November 2014, to reduce the hours of operation from 12,906 per annum to 12,505 per annum. The net reduction in hours was 1,458 per annum across all three facilities.

Relieved of a contractual obligation to maintain the water quality and meet statutory obligations at Marquee Park. This is now a separate fee for service agreement that the YMCA get remunerated for at a cost of \$50,000 to the Town.

Through the Town's partnership with Fortescue Metals Group the opportunity was presented to purchase 16 Spin Bikes. This additional equipment enhanced considerably to the YMCA's programming opportunities. The YMCA are now able to offer 11 spin classes per week as a further attraction to their members.

An investment of \$100,000 by the Town to upgrade the access to the Gratwick Aquatic Centre gym. This initiative will facilitate unsupervised access and assist in the reduction of staffing costs.

From the YMCA's perspective consideration must be given to the impact of the \$1.00 child entry to the pools. Table 2 below shows the financial impact of this reduced fee. An adult entry fee for the aquatic centres is \$5.40.

Table 2-Impact of Child Entry Fee

Attendances	Income \$1.00	\$4.00 (25% discount on adult fee)	Budget Impact	\$3.30 (33% discount on adult fee)	Budget Impact
18,690- (YTD) (2014/2015)	\$18,690	\$74,760	\$56,070	\$61,677	\$42,987
37,423 2013/2014	\$37,423	\$149,692	\$112,269	\$123,495.90	\$86,072.90

Prior to the implementation of the \$1.00 fee the number of pool entries were:

2011/2012

- Gratwick Aquatic Centre 10,496
- South Hedland Aquatic Centre 4,157
- Total 14,653

2012/2013

- Gratwick Aquatic Centre 12,884
- South Hedland Aquatic Centre 536
- Total 13,420

It needs to be noted that prior to 2013, neither pool was heated, with Gratwick Aquatic Centre being the Town's year round facility. In 2012/2013 South Hedland Aquatic Centre was under redevelopment and closed for a large portion of the year.

The impact of a low pool entry is not clearly evident given there is no genuinely comparable information for pool entries, year on year. It is hard to attribute any impact on crime rates to a single initiative given the contributions by the many organisations delivering services in Port Hedland. There is clear evidence that programs being conducted by the JD Hardie, Youth Involvement Council amongst a number of service providers are all having a positive impact on a variety of youth issues.

A Vision for the Town

From the Town's perspective there is a clear need for there to be an action plan in place to address the issue of reduced income. Constraining outgoings is an essential approach, however reduced expenditure needs to be both managed and sustainable.

The Town of Port Hedland leisure facilities clearly have latent capacity with regard to programs, services and availability of facility space. This availability of space needs to be inventively exploited, with new initiatives explored. Significant prominence is placed on the membership numbers and the size of the gym at Wanangkura Stadium. There are however, options and opportunities that need to be pursued if the Town facilities are to be managed within budget parameters that the Town and its partners can sustain. Based on the information available a plan of action for the delivery of services at the leisure centres could be based around the following values:

- Broaden the income base
- Increase the usage of the facilities
- Rationalise the programs delivered
- Be recognisable and visible in the community
- Diversify the facilities from which programs can be offered.

Broaden the income base

The operational plan for any leisure centre needs to be diverse, the popularity of programs and services is in a constant state of flux. A business plan and budget that places less emphasis upon income generated from a single business activity would be sustainable and acceptable.

A broader income base with greater emphasis on sporting programs (adult and children), swim school and community/lifestyle programs will assist to future proof the finances of all three leisure centres from fluctuations.

Increase the usage of the facilities

Not all facilities are used to capacity. The gym and sports court at the stadium are well used, however there are also spaces that remain underutilised. At the aquatic centres, outside of programs offered by sporting groups (Port Hedland Swimming Club and Port Hedland Water-Polo Association) there are very few initiatives offered to the community. As facility operators and service providers there is the chance to be creative and offer opportunities such as after school programs, aquatic training/education and programs and events at all facilities.

Rationalise the programming

Exceeding key performance indicators in a single area of a facilities operation is not sustainable, gym membership and group fitness programs are good income generating activities but not the only source of income. Broaden the program options and alleviate the focus and pressure on a single element of the overall business.

Be recognisable and visible in the community

The Town has committed itself to new clearly identifiable brand images for each of the three centres. It is imperative that those images and the facilities with which they are associated are constantly visible to the community. Strategies that access various mediums need to be used regularly and strategically to ensure that the community affiliate with the leisure centres, their programs, user groups, services and people.

Expand the facilities used

Port Hedland offers a great opportunity for the Wanangkura Stadium to be the hub for a diverse number of programs to be offered at a variety of venues. Andrew McLaughlin Community Centre, JD Hardie Centre, Faye Gladstone Netball Courts, St Cecelia's Primary School, Cooke Point Recreation Club and Colin Matheson Club Rooms are all venue options where programs and services could be delivered by a recreation team. Current facility limitations can be overcome and a broader more diverse program could be offered.

FINANCIAL IMPLICATIONS

The current financial position for the leisure centres has been identified by the Audit and Finance Committee. The report provided by the YMCA is the first step towards addressing the current situation.

STATUTORY AND POLICY IMPLICATIONS

Section 1.1 'A unified community across our townships' of the Strategic Community Plan 2014–2024 applies as the hours of operation seek to ensure that the community are able to get full access to the sporting and recreation facilities.

ATTACHMENTS

1. Correspondence dated 17 December 2014 to Ross Krywood CEO YMCA Perth.
2. Report provided by YMCA dated 6 February 2015.

11 February 2015

ATTACHMENT 1 TO ITEM 11.1.5



Ross Krywood
Chief Executive Officer
YMCA Perth
201 Star Street
WELSHPOOL WA 6106



Our Ref: 26/18/0001
Your Ref:
Enquiries: Graeme Hall
Direct Line: (08) 9158 9647

Dear Ross

RE: REPORT TO AUDIT AND FINANCE COMMITTEE

At the Audit and Finance Committee meeting on 19 November 2014, it was resolved to request from the YMCA a report regarding the operational deficit for the leisure centres. The requested report is to include an action plan that addresses the current financial performance.

This report has been requested as a result of the information outlined in the September monthly report, as presented to the Audit and Finance Committee.

The next meeting of the Audit and Finance will be in the week commencing Monday 16 February 2015; we therefore require the report from the YMCA by the 30 January 2015.

Please **contact** myself at any time on (08) 9185 9647 if you would like further information or if you require any assistance in preparing the document.

Yours sincerely,

A handwritten signature in black ink that reads 'Graeme Hall'.

Graeme Hall
Manager Recreation Services and Facilities

17 December 2014

Civic Centre
McGregor Street
PO Box 41
Port Hedland, WA 6721

P (08) 0158 0000
F (08) 9158 9399
council@porthedland.wa.gov.au
www.porthedland.wa.gov.au

PORT
HEDLAND
PILBARA'S
PORT CITY



ATTACHMENT 2 TO ITEM 11.1.5

We build strong **PEOPLE**
strong **FAMILIES** strong **COMMUNITIES**

6 February 2015

Graeme Hall
Manager Recreation Services and Facilities
Town of Port Hedland
PO Box 41
Port Hedland WA 6721

Re: Report for Town of Port Hedland Audit and Finance Committee

Dear Graeme,

Thank you for your opportunity to update yourself and the finance committee in relation to the 2014/15 budget. This year's budget was always going to present a number of challenges for the YMCA and the Town of Port Hedland. There was a clear intent to get back to the contract price and the YMCA responded accordingly by developing a budget that reflected the original contract price for each site. However in order to do achieve this, the YMCA had a number of hurdles to overcome. The key financial hurdles were:

South Hedland Aquatic Centre utility costs

The YMCA developed the budget accepted in the contract without knowledge of the South Hedland pool being heated. This has resulted in an increase in utility budget by \$160K. Membership income targets were stretched to accommodate these costs. However the downturn in the towns economy and population has resulted in membership plateauing.

Wave Rider

The wave rider reliability has been a concern to all parties. This year the machine had a slow start again due to technical difficulties but has been consistently operational from September. The main issue is that the attraction now is considered by the community as unreliable and despite being open has had low attendances.

Further to your request in December 2014, please find following the YMCA's forecasted results for the remainder of the 2014/15 financial year. Given the current year to date performance is behind the anticipated result the YMCA's management team conducted further analysis of the operations of each site and developed a revised operating model and forecast for each facility.

The following tables summarise each facility's year to date financial performance, the forecast result should current trends continue and the forecast associated with the revised operating model.

YMCA Perth
PO Box 2155, Carlisle North WA 6101
Telephone (08) 9473 8400 Facsimile (08) 9472 7522

Year to date financial performance (as at 31 December 2014):

<i>Gratwick Aquatic Centre</i>	Actual YTD	Budget YTD	Variance
INCOME	\$133,084	\$159,569	-\$26,485
EXPENDITURE	\$460,949	\$433,632	-\$27,318
TOTAL	-\$327,865	-\$274,063	-\$53,803
<i>South Hedland Aquatic Centre</i>	Actual YTD	Budget YTD	Variance
INCOME	\$220,184	\$352,168	-\$131,985
EXPENDITURE	\$934,568	\$907,389	-\$27,179
TOTAL	-\$714,385	-\$555,221	-\$159,164
<i>Wanangkura Stadium</i>	Actual YTD	Budget YTD	Variance
INCOME	\$989,822	\$1,282,156	-\$292,334
EXPENDITURE	\$1,144,652	\$1,368,129	\$223,477
TOTAL	-\$154,830	-\$85,973	-\$68,857

Forecast Based on current trends: (as at 31 December 2014)

<i>Gratwick Aquatic Centre</i>	Year End result	Budget	Variance
INCOME	\$266,168	\$330,491	-\$64,323
EXPENDITURE	\$921,860	\$882,647	-\$39,213
TOTAL	-\$655,692	-\$552,156	-\$103,536
<i>South Hedland Aquatic Centre</i>	Year End result	Budget	Variance
INCOME	\$440,368	\$691,274	-\$250,906
EXPENDITURE	\$1,869,314	\$1,794,074	\$75,240
TOTAL	-\$1,428,946	-\$1,102,800	-\$326,146
<i>Wanangkura Stadium</i>	Year End result	Budget	Variance
INCOME	\$1,979,640	\$2,578,970	-\$599,330
EXPENDITURE	\$2,295,308	\$2,783,716	\$488,408
TOTAL	-\$315,668	-\$204,746	-\$110,922

Revised Forecast:

<i>Gratwick Aquatic Centre</i>	Year End result	Budget	Variance
INCOME	\$275,287	\$330,491	-\$55,204
EXPENDITURE	\$847,170	\$882,647	\$35,477
TOTAL	-\$571,883	-\$552,156	-\$19,727
<i>South Hedland Aquatic Centre</i>	Year End result	Budget	Variance
INCOME	\$477,139	\$691,274	-\$214,135
EXPENDITURE	\$1,756,557	\$1,794,074	\$37,517
TOTAL	-\$1,279,418	-\$1,102,800	-\$176,618
<i>Wanangkura Stadium</i>	Year End result	Budget	Variance
INCOME	\$2,037,640	\$2,578,970	-\$541,330
EXPENDITURE	\$2,286,983	\$2,783,716	\$496,733
TOTAL	-\$249,343	-\$204,746	-\$44,597

Action Plan:

The following strategies have been developed in conjunction with the management and leadership teams operating across the three Port Hedland leisure facilities. These strategies provide a challenging set of targets and tasks for each site, achievement of such is anticipated to positively impact upon the financial performance of the facilities by approximately \$250K.

Revenue Generation

Wanangkura Stadium

Membership generation – the stadium has recently implemented a new membership pathway program that seeks to actively engage every new membership enquiry and places emphasis on gaining long term membership retention.

In addition to this new membership sales and retention system the Stadium has planned its key business development activity for the first quarter of the year as a centre open day that will include a major membership promotion.

It is anticipated that the business development activities and new system will generate net growth in membership levels of approximately 20 new members in February, 50 new members in March and a further 30 new members in April. This will positively impact on the stadiums membership revenue by \$58K.

South Hedland Aquatic Centre

Surf machine – The surf machine's year to date revenue totals just under \$2K. It is anticipated that the existing budgeted income will be met throughout the tail end of the financial year. This is a positive variation of \$27K.

Aquatic Education – The aquatic education forecast has been based on the original budget of 360 members. This constitutes growth of 70 members. This significant growth will be realised through dedicated marketing and awareness campaign and the potential implementation of a revised more intensive program that may be more attractive to parents.

Gratwick Aquatic Centre

Aquatic Education – There is minimal opportunity to realise a significant increase in revenue at the Gratwick aquatic centre however it is anticipated that the current aquatic education membership levels will be maintained which will positively impact on the centre's operations by approximately \$2K.

General Admission – Based on year to date performance it is anticipated that adult and child swim will contribute an additional \$7K to the end of year result.

Expense Control

Wanangkura Stadium

Group Fitness schedule – the current group fitness program provides 49 sessions per week for members. This is considerably higher than the 30 sessions required under the YMCA's management agreement. Whilst the YMCA aims to cater for demand rather than manage to KPI's the current service provision will be reviewed. It is anticipated that this review will realise a savings to the stadium in the vicinity of \$5K.

Telephone expense – the year to date telephone expense has included additional costs due to the high number of STD calls being placed via the centre's security system. The YMCA recently rectified this issue with Telstra and anticipates a savings of up to \$1K per month for the remainder of the financial year.

A separate claim has also been placed with Telstra seeking reimbursement of these expenses for the initial part of the financial year however this figure has not been included in the revised forecast as it is still unknown as to whether this will be granted.

Organisational structure – the organisational structure of the stadium has been reviewed. This has realised efficiencies in the vicinity of \$90K. Areas of efficiency include:

- Management wages – positive variance due to the delayed replacement of the Centre Manager
- Business support role – restructuring of this role to 25 hours per week
- Duty Management – additional direct service delivery by the stadium team leader
- Group fitness instructors – revision of the fitness timetable
- Term program instructors – revision of service delivery and participation rates to ensure break even or better across adult and child term programs

South Hedland Aquatic Centre

Organisational structure – the organisational structure and operations of the centre has been reviewed. This has realised efficiencies in the vicinity of \$85K. Areas of efficiency include:

- Duty Management – reallocation of responsibilities of the Centre Manager from both South Hedland and Gratwick to include off season direct service delivery
- Business Support role – flow on effects of the reduced hours for this position

Gratwick Aquatic Centre

Organisational structure – structural alterations to the Gratwick aquatic centre's staffing is anticipated to contribute an approximate improvement of \$72K to the financial performance of the centre. Areas of focus included:

- Duty Management – reallocation of responsibilities of the Centre Manager from Gratwick upon the completion of the season.
- Lifeguard staffing – reallocation of duties amongst lifeguard staff, duty management and management will realise efficiencies of up to \$22K.

Summary:

The revised action plan is anticipated to realise a significant improvement in the financial performances across the three sites however the consolidated result based on the above assumptions will still see these facilities complete the 2014/15 financial year behind budget by \$240K. This is a significant variation and one that the YMCA sees as a significant risk.

Further to the above action plan the YMCA will undertake an additional review throughout the following weeks of the financial plan for each site in an attempt to improve this financial position. This may result in further alterations however please be assured that it is the YMCA's intent to ensure that service levels do not suffer. The intent behind any further alterations and improvements will be to improve service levels and increase revenue.

Upon the commencement of the current financial year the YMCA were delivering operational hours that were over and above that within the current years' budget. The YMCA's intent was to work to cover these additional unbudgeted expenses through the operation of the centre's throughout the year however as can be seen from the above year to date position this has not been possible. The YMCA will seek to explore options to cover this expense with the Town however this will be discussed further the over coming weeks.

Yours sincerely



Travis Doye
Executive Manager- Recreation
YMCA Perth

11.2 Corporate Services**201415/030 AUDIT & FINANCE COMMITTEE DECISION****MOVED: MAYOR HOWLETT****SECONDED: CR HUNT**

That the Audit & Finance Committee suspend sections 9.4, 9.5 and 9.9 of the Standing Orders Local Law 2014 in accordance with section 18.2 'Suspension of Standing Orders' to discuss the confidential attachments to item 11.2.1 'Award of Tender 14/12 – Provision of Audit Services to the Town of Port Hedland 2014 – 2019'.

CARRIED 3/0

1:15pm Presiding Member advised that sections 9.4, 9.5 and 9.9 of the Standing Orders Local Law 2014 have been suspended.

201415/031 AUDIT & FINANCE COMMITTEE DECISION**MOVED: MAYOR HOWLETT****SECONDED: CR HUNT**

That the Audit & Finance Committee close the meeting to members of the public as prescribed in section 5.23(2) of the Local Government Act 1995, to discuss the confidential attachments to item 11.2.1 'Award of Tender 14/12 – Provision of Audit Services to the Town of Port Hedland 2014 – 2019'.

CARRIED 3/0

1:15pm Presiding Member advised that the meeting is closed to members of the public.

201415/032 AUDIT & FINANCE COMMITTEE DECISION**MOVED: CR HUNT****SECONDED: MAYOR HOWLETT**

That the Audit & Finance Committee open the meeting to members of the public.

CARRIED 3/0

1:26pm Presiding Member advised that the meeting is now open to members of the public.

201415/033 AUDIT & FINANCE COMMITTEE DECISION**MOVED: CR HUNT****SECONDED: MAYOR HOWLETT**

That the Audit & Finance Committee resume sections 9.4, 9.5 and 9.9 of the Standing Orders Local Law 2014.

CARRIED 3/0

1:26pm Presiding Member advised that sections 9.4, 9.5 and 9.9 of the Standing Orders Local Law 2014 have been resumed.

11.2.1 Award of Tender 14/12 – Provision of Audit Services to the Town of Port Hedland 2014 - 2019

Peter Kocian, Acting Director Corporate Services
File No.12/19/0001

DISCLOSURE OF INTEREST BY OFFICER

Nil

RECOMMENDATION

That the Audit and Finance Committee:

- 1. Recommend to Council that Tender 14/22 Provision of Audit Services to the Town of Port Hedland 2014-2019 be awarded to RSM Bird Cameron at a five year cost as follows:**

Financial Year	Audit Cost
2014/15	
2015/16	
2016/17	
2017/18	
2018/19	

- 2. Recommend to Council that the Chief Executive Officer write to Grant Thornton as the Town's incumbent Auditor and thank them for services rendered.**

201415/034 AMENDED RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION

MOVED: MAYOR HOWLETT

SECONDED: CR HUNT

That the Audit and Finance Committee:

- 1. Recommend to Council that Tender 14/22 Provision of Audit Services to the Town of Port Hedland 2014-2019 be awarded to RSM Bird Cameron as per the following Price Schedule:**

No	Service Description	Tender Unit	Indicative Timing	2014/15 (GST Inc.)	2015/16 (GST Inc.)	2016/17 (GST Inc.)	2017/18 (GST Inc.)	2018/19 (GST Inc.)
1	Interim Audit	Lump Sum	April/ May	11,018	11,565	12,143	12,750	13,386
2	Annual Audit	Lump Sum	Aug/ Sep	26,687	28,014	29,413	30,883	32,423
3	Review of Financial Management Systems	Lump Sum	Every 4 years. Due in May 2016	-	17,600	-	-	-
4	Grant Acquittals	Per Acquittal	6 per year	900 – 1,100 ea	900 – 1,100 ea	900 – 1,100 ea	900 – 1,100 ea	900 – 1,100 ea
5	Other Audit Work/additional Services i.e. Fair Value advice	Per hour						
		Engagement partner		722	758	795	835	877
		Audit Manager		408	429	451	474	498
		Audit Senior		261	274	287	301	317
		Auditor		142	149	156	164	172
6	Disbursements – travel, accommodation, incidentals	At Cost		At Cost*	At Cost*	At Cost*	At Cost*	At Cost*
7	Attendance of Engagement Partner to Audit and Finance Committee Meeting	Lump Sum	Annually – Nov/ Dec	1,443	1,516	1,591	1,670	1,753

2. Recommend to Council that the Chief Executive Officer write to Grant Thornton as the Towns incumbent Auditor and thank them for services rendered.

CARRIED 3/0

EXECUTIVE SUMMARY

For the Audit and Finance Committee to consider the Audit Tenders received and recommend to Council the appointment of an Auditor for a term of five (5) years.

DETAILED REPORT

In accordance with section 7.2 of the *Local Government Act 1995*, the accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

Council is required to appoint an auditor by an absolute majority decision on the recommendation of the Audit and Finance Committee pursuant to section 7.3 of the *Local Government Act 1995*.

A detailed report on the provision of audit services was presented to the Audit and Finance Committee at its meeting of 19 November 2014. This included a Request for Tender document inclusive of the audit specifications and qualitative assessment criteria.

The Audit and Finance Committee endorsed the Request for Tender 14/22 Provision of Audit Services at its meeting of 19 November 2014 with Council subsequently resolving the following at the Ordinary Council Meeting of 26 November 2014:

“201415/110 RECOMMENDATION/ COUNCIL DECISION

MOVED: CR HUNT

SECONDED: CR JACOB

That Council:

- 1. Note the recommendation of the Audit and Finance Committee of 19 November 2014;*
- 2. Request the Chief Executive Officer, or his delegate(s), to undertake a Request for Tender process pursuant to Part 4 of the Local Government (Functions and General) Regulations 1996 to appoint an Auditor for a five (5) year term, commencing in the 2014/15 financial year and terminating following the 2018/19 final audit; and*
- 3. Endorse the Request for Tender document, RFT Number 14/20 Provision of Audit Services 2014-2019 Town of Port Hedland, inclusive of the Tender Specifications and Qualitative Criteria.*

CARRIED 8/0”

Tenders were publicly invited by advertising in the West Australian newspaper on Saturday 13 December 2014 with a notice also placed on the Town’s website. At the close of the Tender period (2.30pm Friday 16 January 2015), six (6) tenders were received.

All Tenders are deemed to be compliant and have been assessed against the following endorsed qualitative criteria:

- Local Government Audit Experience 30%
- Tenderers Resources, Key Personnel Skills and Experience 30%
- Audit Plan and Methodology 40%

Tenders were assessed by three Managers of the Town of Port Hedland (full assessment included as Attachment 1 to this report) with weighted scores as follows:

Name of Tenderer	Weighted Score (out of 100)
RSM Bird Cameron	74.5
Grant Thornton	57.7
AMD Chartered Accountants	55.8
Anderson Munro and Wyllie	52.5
DFK PA Audit Pty Ltd	50.7
Walker Wayland WA	36.5

All tenderers demonstrated a reasonable understanding of the audit plan and methodology and provided a scope of the Audit as prescribed by the *Local Government Act 1995* and *Regulations*.

The four highest ranked Tenders all demonstrated significant local government experience, each with upwards of 10 local government clients. DFK PA Audit Pty Ltd and Walker Wayland WA have no to minimal local government experience and it is on this basis that these two tenders have been eliminated from further consideration.

AMD Chartered Accountants (101 hours) and Anderson Munro Wyllie (115 hours) are ranked 6th and 5th respectively with the number of hours allocated to the interim and final audit. This number of hours is not considered sufficient to adequately undertake a thorough audit process given the extensive nature of the Town's business activities and number of financial transactions. It is on this basis that these two tenders have been eliminated from further consideration.

Grant Thornton is the Town's incumbent Auditor, appointed in 2012 for a three year term from 2011/12 to 2013/14. Grant Thornton has developed a thorough understanding of the Town's activities and financial controls and processes, and the relationship between the Town and Grant Thornton has developed over this period. Long term partnerships are proven to produce stronger outcomes and a very efficient audit process in year 3 of the previous Audit Agreement led to the timely completion of the Annual Financial Report and receipt of the Auditors Report on the 9 October 2014. The Executive Summary on Page 2 of Grant Thornton's Tender indicates that they are familiar with the challenging environment in which the Town operates.

RSM Bird Cameron demonstrates very similar local government experience to Grant Thornton and is the current auditor of the Shires of Broome and Derby West Kimberly. They have also completed a number of risk management and financial management reviews, and also provides accounting services to a number of remote local governments. RSM Bird Cameron has been appointed to the Department of Local Governments Approved Consultants Panel for Business and Advisory Services.

It was explicitly requested in the audit specifications that an Audit Partner attend the annual on-site audit for at least 50% of field work to discuss any key issues with staff and to establish a very clear scope of audit review. Grant Thornton and RSM Bird Cameron have both indicated the appropriate allocation of Audit Partner hours. RSM Bird Cameron has indicated one full day at interim audit and two days at the final audit visit for Partner attendance, however only 12 hours of Partner time will be charged.

Very little separates the two Tenders from Grant Thornton and RSM Bird Cameron in price and thus the recommendation for the appointment of Auditor is provided on the basis of the weighted scores. RSM Bird Cameron has more strongly addressed the qualitative criteria and demonstrates a very comprehensive understanding of the audit methodology. The Shire's of Broome and Derby West Kimberly have been contacted and both have provided favorable references.

FINANCIAL IMPLICATIONS

The 2014/15 Budget provides an allocation of \$60,000 for audit fees (GL402262). The Audit Tenders received are all approximate with the Town's annual budget allocation.

STATUTORY AND POLICY IMPLICATIONS

Tenders for goods and services are governed by section 3.57 of the *Local Government Act 1995* and Part 4 of the *Local Government (Functions and General) Regulations 1996*.

Pursuant to section 7.3 of the *Local Government Act 1995*, Council is required to appoint the Auditor by an absolute majority decision on recommendation of the Audit and Finance Committee. Evaluation of Tenders and the Officer Recommendation for the appointment of the Auditor is therefore required to be presented to the Audit and Finance Committee for consideration.

Attachments 2 and 3 contain confidential information in accordance with section 5.23(2)(e)(iii) of the *Local Government Act 1995*.

Goal 4.1 of the Strategic Community Plan – Strategic and best practice local government administration is relevant to this item.

There are no Council Policies relevant to this item.

ATTACHMENTS

1. Qualitative Criteria – Assessment Matrix
2. Confidential - Price Schedule (Under Separate Cover)
3. Confidential – Audit Tender Submissions (Under Separate Cover)

06 February 2015

ATTACHMENT 1 TO ITEM 12.2.1

ASSESSMENT MATRIX - PROVISION OF AUDIT SERVICES (RFT 14/22)

Weighting %	Item	Tenderer 1	Tenderer 2	Tenderer 3	Tenderer 4	Tenderer 5	Tenderer 6
		AMID Chartered Accountants Weighted	Munro and Wyllie Weighted	DFK PA Audit Pty Ltd Weighted	Grant Thornton Weighted	RSM Bird Cameron Weighted	Walker Wayland WA Weighted
30	LOCAL GOVERNMENT AUDIT EXPERIENCE - SCHEDULE D1 Complete Project Reference Sheet detailing past performance delivering similar services: - Provide scope of the Tenderer's involvement including details of outcomes - Provide details of issues that arose during the project and how these were managed - Demonstrate experience in remote areas, particularly Port Hedland and/or Pilbara - Any additional relevant information to demonstrate relevant experience	3.0	3.0	2.0	3.0	5.5	1.0
30	TENDERERS RESOURCES, KEY PERSONNEL, SKILLS AND EXPERIENCE - SCHEDULE D2 - Personnel's role in the performance of the Contract, including their experience in similar services - Curriculum vitae of key Personnel - Resources Availability Schedule	6.0	4.7	6.7	6.0	7.3	4.0
40	AUDIT PLAN AND METHODOLOGY - SCHEDULE D3 - Provide a scope of the audit as prescribed the LGA and Regulations - Provide a plan for the audit, including the timing of interim and final audits as well as attendance to Audit and Finance Committee Meetings - Advise the method use to communicate with and supply information between the Auditor and Client - Provide a scope of the review of financial management systems and procedures as required under Regulation 5 (2) (c) of the Local Government (Financial Management) Regulations 1996	6.0	6.7	8.0	6.0	7.3	4.7
	TOTAL	55.8	52.5	50.7	57.7	74.5	36.5

RANKING	3	4	5	2	1	6

11.2.2 2014/15 Quarterly Budget Review and Statement of Financial Activity for the period ended 31 December 2014

Laura Delaney, Management Accountant Financial Reporting
File No. 12/14/0003

DISCLOSURE OF INTEREST BY OFFICER

Nil

201415/035 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION

MOVED: MAYOR HOWLETT

SECONDED: CR HUNT

That the Audit and Finance Committee:

1. Receive the 2014/15 Quarterly Budget Review and Statement of Financial Activity (and supporting information) for the period ended 31 December 2014;
2. Note the accounts paid during December 2014 under delegated authority;
3. Recommend that Council adopt the 2014/15 December Quarterly Budget Review and amend the 2014/15 Budget as per the Schedule of Budget Variations, resulting in a unfavourable change in projected net current assets of \$324,961 as at 30 June 2015;
4. Recommend that Council resolve to establish a Reserve Account under s6.11 of the *Local Government Act 1995* titled 'Unspent Grants & Contributions Reserve' with a purpose of restricting unspent grants and contributions at the end of the financial year;
5. Recommend that Council resolve to transfer \$209,461, being additional interim rate revenue received, into the Strategic Reserve for the purpose of retiring debt and debt consolidation, as well as funding strategic projects identified in the Community and Corporate Plans, but not yet funded in the 2014/15 budget.

CARRIED 3/0

EXECUTIVE SUMMARY

This report presents the December Quarterly Budget Review for the 2014/15 Budget, including the Statement of Financial Activity for the period ended 31 December 2014. A number of budget variations are proposed as part of this review, which results in an unfavourable change in projected net current assets of \$324,961 as at 30 June 2015.

Supplementary information has been presented to the Council to provide further information regarding the Town's activities.

DETAILED REPORT

The December Quarterly Budget Review (QBR) for the 2014/15 Budget includes a number of significant variations.

In discussing proposed amendments in the commentary below, recommended budget variations are categorised as either *Favourable (F)*; *Unfavourable (U)*; or *Contra (C)*. This status relates to their impact on the net current asset position. As an example, a project that is fully funded by Grants or Reserves would generally be a Contra entry – that is, it will have a nil impact on net current assets as the expenditure is fully supported by specific source funding. The balance of net current assets is a key indicator of the Town's ability to meet its debts and obligations as and when they fall due, and its financial flexibility in responding to opportunities, such as dollar for dollar grants, as and when required.

Major variations arising as part of the December QBR include:

Municipal Fund:

- A budget increase of approximately \$209k in interim rate revenue to be transferred to the Strategic Reserve – C
- A reduction of approximately \$62k due to a change in categorisation from Mass Accommodation to Tourism which has resulted in a credit applied against the rate assessment - U
- A budget increase of \$32k for BHP approved projects: Australia Day and Welcome to Hedland. The corresponding expenditure had already been captured within the original budget – F
- A contra budget adjustment of \$600k from the Developer Contributions Reserve for landscaping for Stage 2A of the South Hedland Town Centre development – C
- A contra adjustment of \$5.047m as the Civic Centre Building Refurbishment loan will not be drawn down this financial year – C
- A \$453k unfavourable impact on the budget as the Civic Centre Building Refurbishment loan will not be drawn down this financial year however there is anticipated expenditure to be incurred - U
- A reduction of \$231k in loan interest and principal associated with the Civic Centre Building Refurbishment loan – F
- A budget increase of \$40k in recruitment costs due to staff turnover resulting in additional recruitment costs, including three new senior staff being the Director of Corporate Services, Director of Works & Services and the General Manager of the Airport – U
- A budget increase of \$110k for the works associated with the erosion at Goode Street – U
- A budget of \$300k for community projects to be workshopped and prioritised by Council in the month of February 2015 - U
- A budget increase of \$50k based on the revenue received year to date for Swimming Pool Inspection Levies – F
- A budget increase of \$50k based on the revenue received year to date for Permits Uncertified – F
- A budget has been established of \$100k for the Verge-Clean Up Program in South Hedland - U

- A budget has been established of \$10k for the costs associated with the attendance of the CEO, Director of Community & Development Services and the Manager of Development Services attending meetings in Perth for the Dust Taskforce Committee – U
- A budget has been established of \$35k for the purchase of a fleet management system which will provide high level reporting on whole of life plant costs, plant replacement program, FBT reporting, diesel fuel tax rebate and maintenance scheduling reporting. This is a contra adjustment with Public Works Overhead – C
- A budget has been established of \$20k for OHS Management to provide for the implementation of safety systems in the public works area. This is a contra adjustment with Public Works Overhead – C

Airport Fund:

- New loan borrowings of approximately \$4.726m for the 2.3MWp Solar Farm which will be restricted in the Airport Reserve – C

Note that both the Waste and Airport Funds are wholly Reserve funded and do not impact on Municipal unrestricted cash, therefore all proposed budget amendments are *Contra (C)* movements. The *'Commentary for Council'* and *'Movement'* of each proposed budget variation (Refer Attachment: December Budget Review – Detailed) provides an indication as to whether it represents a *Favourable (F)* or *Unfavourable (U)* movement.

A complete listing of proposed budget amendments, together with management commentary is included in the attachments to this report.

It is recommended that an additional amount of approximately \$209k in interim rate revenue received in 2014/15 be restricted for the purpose of retiring debt and debt consolidation, as well as fund strategic projects identified in the Community and Corporate Plans, but not yet funded in the 2014/15 budget. As Elected Members will recall, the original 2014/15 Budget did not include any forecasts for interim rate revenue as this generally cannot be accurately estimated due to the uncertain nature of growth in the Town's rate base. This is a conservative approach, but does eliminate budget risk due to an over-estimation of interim rate revenue for example, as has occurred in prior financial years. In the September QBR a budget of \$2m was adopted for interim rate revenue with \$1m of this being restricted in the Strategic Reserve.

Section 6.34 of the *Local Government Act 1995* places a limit on revenue that local governments can raise from general rates, effectively meaning that local governments cannot adopt a surplus budget of more than 10% of the total rate yield. The Rate Setting Statement in the 2014/15 Original Budget identifies total rates levied of \$23.685m and net current assets of \$1.802m as at 30 June 2015 (the Municipal Surplus). Applying the provisions of s6.34, the Town cannot exceed a net current asset position of \$2.3685m as at 30 June 2015.

It is the Officer's recommendation that any surplus revenue be placed under restriction (i.e. transferred to Reserve) providing an opportunity for the Council to deliver further on Community Strategic Plan priorities. It is thus recommended that Council resolve to transfer the additional \$209k in interim rate revenue to the Strategic Reserve for the purpose outlined above.

The Statement of Financial Activity is presented in a similar format to the Rate Setting Statement as included in the 2014/15 Annual Budget. The operating section of the Statement of Financial Activity is shown by program in accordance with Regulation 34 (3)(b) of the *Local Government (Financial Management) Regulations 1996*.

The following commentary is provided on variances between year to date actuals and year to date budget for the period ended 31 December 2014:

Account Description	YTD Variance	Comment
Operating Revenue – General Purpose Income	77%	Rate Revenue totaling \$25.828m has been raised in the period July – December 2014.
Operating Expenditure – Economic Services	-82%	Proceeds from the Kingsford Smith Business Park will be transferred from the Municipal Fund to the Airport as the sales of the lots progress.
Non-Cash Items: Depreciation	-100%	Depreciation will not be run until the end of the financial year due to the requirements associated with fair value for 2014/15.
Non-Cash Items: (Profit)/ Loss on Disposal of Assets	-100%	Disposals will be processed following the finalisation of the Plant Replacement Program.
Non-Cash Items: Movement in Deferred Debtors (Rates)	-100%	Movement in Deferred Debtors (Rates) will be reconciled at the end of the financial year.
Non-Cash Items: Contributed Assets - Grants and Contributions Capital	-100%	\$1.75m Contributed Asset related to GP Housing Stage 2.
Capital: Proceeds from Disposal of Assets	-99%	Proceeds from the Disposal of Assets totaling \$30.5k has been received in the period July – December 2014.
New Loan Borrowings	-100%	No loan funds have been drawn down. Loan funds relate to capital projects being the Civic Centre Upgrade, Catamore Court Subdivision, Floodwater Pump Refurbishment and JD Hardie Land Acquisition. A report will be presented to Council regarding loan refinancing through the use of the Strategic Reserve.
Proceeds from Self Supporting Loans	-84%	Proceeds from Self Supporting Loans totaling \$26.73k have been received in the period July – December 2014. Further proceeds have been received in January 2015.

Transfers from Unspent Grants	-100%	Unspent Grants will be reconciled at the end of the financial year.
Transfers from Unspent Loans	-100%	Unspent Loans will be reconciled at the end of the financial year.

The net current asset position as at 31 December 2014 is \$19.056m. This balance is expected to decline significantly across the course of the year, as projects are delivered, and operational budgets are expended.

The unrestricted cash position as at 31 December 2014 is \$14.963m. This is calculated as follows:

	2014/15 Actual
Current Assets: Cash and Investments	\$85,068
Restricted Cash – Reserves	(\$66,683)
Restricted Cash – Unspent Grants	(\$2,614)
Restricted Cash – Unspent Loans	(\$808)
Unrestricted Cash Position as at 30 November 2014	\$14,963

FINANCIAL IMPLICATIONS

The Statement of Financial Activity includes an actual municipal surplus carried forward of \$817k. The surplus is attributable to a number of capital projects that have been carried-over from the 13/14 financial year. These projects were considered by Council at the September 2014 Ordinary Council Meeting (OCM), with a funding requirement of \$655k from the municipal surplus carried forward. The carried forward surplus in the Amended Budget – Carryovers (Sep OCM) column has been adjusted accordingly.

The projected municipal surplus as at 30 June 2015 following the December QBR is \$1.532m. This is comparative with the original budget forecast of \$1.802m, as budget adjustments arising from the 2013/14 carryovers, the September QBR and the December OCM have resulted in a reduction in net current assets in 2014/15 of \$816k, which has been offset by an increased actual municipal surplus carried forward of \$817k compared to a 2014/15 budget amount of (\$54k).

The following reconciliation is provided:	000's
Budget Municipal Surplus Brought Forward 30 June 2015	\$1,802
Change in Net Current Assets arising from 2013/14 Carryovers	(\$655)
Change in Net Current Assets arising from September QBR	(\$86)
Change in Net Current Assets arising from December OCM	(\$75)
Change in Net Current Assets arising from December QBR	(\$325)
Municipal Surplus Carried Forward 1 July 2014 – Budget	\$54
Municipal Surplus Carried Forward 1 July 2014 – Actual	\$817

Amended Budget Municipal Surplus Brought Forward 30 June 2015
\$1,532

The variations recommended to the Audit and Finance Committee as part of this budget review will result in overall reduction in net current assets of \$324,961 as at 30 June 2015.

STATUTORY AND POLICY IMPLICATIONS

The Town undertakes regular budget reviews as part of its delivery of high quality corporate governance, accountability and compliance. The Town's goals and actions in this regard are set out in the Local Leadership section of the Strategic Community Plan.

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* requires that the Town carry out a mid-year review of its annual budget, with a copy of the review and the relevant Council resolution to be provided to the Department of Local Government. The Town currently exceeds the minimum statutory requirements by undertaking budget reviews on a quarterly basis rather than half yearly.

The Town has a current resolution arising out of the adoption of the 2014/15 budget requiring that material budget variations be reported through to Council. Materiality being established at the lesser of 10% of the amended program budget or \$100,000 for each of the categories of Operating Revenue; Operating Expenditure; Non-Operating Revenue and Non-Operating Expenditure. As part of this review, Officers have continued to present all proposed budget variations supported by Management commentary.

Regulation 34 of the *Local Government (Financial Management) Regulations 1996* also requires the Town to prepare a monthly Statement of Financial Activity. The Town prepares this Statement as part of its delivery of high quality corporate governance, accountability and compliance. The Town's goals and actions in this regard are set out in the Leading our Community section of the Strategic Community Plan 2014-2024.

The monthly Statement of Financial Activity is to be presented to the Council at an ordinary meeting within 2 months after the end of the month to which the statement relates. Where the month coincides with QBR reporting (September, December, March) the Statement of Financial Activity will be incorporated in the QBR document.

Note the Statement of Financial Activity includes four budget columns:

1. Original Budget;
2. Amended Budget arising from the Schedule of Budget Carryovers presented to Council at the September OCM;
3. Amended Budget arising from the September QBR;
4. Amended Budget arising from variations adopted by Council at the December OCM.

The change in budgeted net current assets as at 30 June 2015 (the last row on the Statement of Financial Activity) reconciles to the Schedule of Budget Variations.

ATTACHMENTS

1. 2014/15 Quarterly Budget Review and Statement of Financial Activity for the Period Ended 31 December 2014 (Under Separate Cover)
2. Accounts paid under delegated authority for the month of December 2014 (Under Separate Cover)

3 February 2015

11.2.3 2014 Compliance Audit Return

Josephine Bianchi, Coordinator Governance
File No. 14/06/0001

DISCLOSURE OF INTEREST BY OFFICER

Nil

201415/036 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION

MOVED: MAYOR HOWLETT

SECONDED: CR HUNT

That the Audit & Finance Committee

- 1. Note the outcomes of the 2014 Compliance Audit Return; and**
- 2. Recommend that Council adopt the 2014 Compliance Audit Return.**

CARRIED 3/0

EXECUTIVE SUMMARY

The statutory Compliance Audit Return (CAR) for the 2014 calendar year is presented to the Audit & Finance Committee for review and to recommend that it be adopted by Council.

DETAILED REPORT

Each year all Western Australian Local Government Authorities are required to undertake a compliance audit and forward the results to the Department of Local Government (the Department) by 30 March. The CAR is a self-assessment of a local government referring to its levels of compliance with the Local Government Act and associated regulations.

A local government's Audit Committee is required to review the CAR and reports the results of that review to the Council prior to adoption by Council and the March submission to the Department.

The Compliance Audit is one of the tools utilised by the Department of Local Government to monitor how the local government functioned throughout the previous calendar year from a compliance perspective. It identifies areas of non-compliance that provide guidance to officers as to where processes may be reviewed to ensure improved compliance.

A total of 78 items were audited in the 2014 Compliance Audit process and 4 areas of non-compliance were identified.

One being the late lodgement of an annual return by a Town officer who was on long service leave. This matter was rectified as soon as the officer came back in November 2014.

Two other being the public submission time allowed for major land transactions and disposals of property respectively. On a number of occasions it was identified that the time allowed for the public to provide a submission on major land transactions and disposals of property fell short of the required time. These matters have been addressed with relevant officers to ensure that in future all notices include the correct statutory timeframe for public submissions.

The last area of non-compliance being the requirement to call for tenders for the purchase of goods or services over \$100K. The episodes in question relate to the provision of ongoing consultancy services which were not identified as having reached the statutory threshold.

All of these incidences have also been flagged with UHY Haines Norton who have recently carried out an audit across all business units at the Town of Port Hedland to meet the new requirements of the Local Government Audit Regulations 1996 in terms of risk management, internal controls and legislative compliance. The auditors will be presenting a formal report on the areas of risk they have identified to the next Audit & Finance Committee meeting for consideration. In the interim the Town has commenced to actively implement new procedures to ensure that any areas of non-compliance are treated as a priority and dealt with as a matter of urgency.

All managers and the Executive team have been consulted and have provided feedback and input into the compilation of the 2014 Compliance Audit Return.

FINANCIAL IMPLICATIONS

Nil

STATUTORY AND POLICY IMPLICATIONS

Section 7.13(1)(i) of the Local Government Act 1995 require local governments to carry out an audit of compliance with such statutory requirements. Section 14 of the Local Government (Audit) Regulations 1996 outlines the period of time, the form and the process on the compliance audit. The compliance audit is required to be reviewed by the Audit Committee and report to Council. Sections 16 and 17 of the Audit Regulations outline the new requirements of all WA Chief Executive Officers to provide their Audit Committees with a 2 yearly report on risk management, internal control and legislative compliance.

Sections 4.1 'Strategic and best practice local government administration' of the Town's Strategic Plan applies.

ATTACHMENTS

1. 2014 Compliance Audit Return

6 February 2015

ATTACHMENT 1 TO ITEM 11.2.3

Department of Local Government and Communities - Compliance Audit Return



Government of Western Australia
Department of Local Government and Communities

Port Hedland - Compliance Audit Return 2014

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2014.	Yes		Malcolm Osborne
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2014.	Yes		Malcolm Osborne
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2014.	N/A		Malcolm Osborne
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2014.	Yes	One proposal was found to have been advertised 3 days short of the 6 weeks required for public submissions to be sought for.	Malcolm Osborne
5	s3.59(5)	Did the Council, during 2014, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Malcolm Osborne

Department of Local Government and Communities - Compliance Audit Return



Government of Western Australia
Department of Local Government and Communities

Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Malcolm Osborne
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Malcolm Osborne
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Malcolm Osborne
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Malcolm Osborne
5	s5.18	Has Council reviewed delegations to its committees in the 2013/2014 financial year.	Yes		Malcolm Osborne
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Malcolm Osborne
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Malcolm Osborne
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Malcolm Osborne
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Malcolm Osborne
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Malcolm Osborne
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Malcolm Osborne
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2013/2014 financial year.	Yes		Malcolm Osborne
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		Malcolm Osborne
Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Malcolm Osborne
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Malcolm Osborne

Department of Local Government and Communities - Compliance Audit Return



Government of Western Australia
Department of Local Government and Communities.

No	Reference	Question	Response	Comments	Respondent
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Malcolm Osborne
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Malcolm Osborne
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Malcolm Osborne
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2014.	Yes		Malcolm Osborne
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2014.	No	One Town employee did not submit an annual return by 31.08.14 due to being on long service leave. The employee did however lodge an annual return immediately upon return to work.	Malcolm Osborne
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Malcolm Osborne
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Malcolm Osborne
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Malcolm Osborne
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Malcolm Osborne
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		Malcolm Osborne
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Malcolm Osborne

Department of Local Government and Communities - Compliance Audit Return



Government of Western Australia
Department of Local Government and Communities.

No	Reference	Question	Response	Comments	Respondent
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes		Malcolm Osborne
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes		Malcolm Osborne
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Malcolm Osborne

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes	A number of disposals however where found to have been put out for public submissions for less than the required 2 weeks.	Malcolm Osborne
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Malcolm Osborne

Elections

No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates.	N/A		Malcolm Osborne

Finance

No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes		Malcolm Osborne
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	Yes		Malcolm Osborne

Department of Local Government and Communities - Compliance Audit Return



Government of Western Australia
Department of Local Government and Communities

No	Reference	Question	Response	Comments	Respondent
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	N/A	No auditor appointed in 2014	Malcolm Osborne
4	s7.3	Was the person(s) appointed by the local government to be its auditor, an approved auditor.	N/A	As above	Malcolm Osborne
5	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	N/A	As above	Malcolm Osborne
6	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2014 received by the local government within 30 days of completion of the audit.	Yes		Malcolm Osborne
7	s7.9(1)	Was the Auditor's report for 2013/2014 received by the local government by 31 December 2014.	Yes	22.10.14 Ordinary Council meeting	Malcolm Osborne
8	S7.12A(3), (4)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A		Malcolm Osborne
9	S7.12A(3), (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A		Malcolm Osborne
10	S7.12A(3), (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A		Malcolm Osborne
11	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Malcolm Osborne
12	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Malcolm Osborne
13	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Malcolm Osborne
14	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes		Malcolm Osborne

Department of Local Government and Communities - Compliance Audit Return



Government of Western Australia
Department of Local Government and Communities

No	Reference	Question	Response	Comments	Respondent
15	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes		Malcolm Osborne

Local Government Employees

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	N/A	CEO last appointed in 2012	Malcolm Osborne
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes	Director Corporate Services position advertised in October 2014 in accordance with regulations	Malcolm Osborne
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	N/A	See point 1 above	Malcolm Osborne
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	N/A	As above	Malcolm Osborne
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes	Director Corporate Services appointed via way of Council resolution at 17.12.14 Ordinary meeting	Malcolm Osborne

Department of Local Government and Communities - Compliance Audit Return



Government of Western Australia
Department of Local Government and Communities

Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A	The CEO is the complaints officer	Malcolm Osborne
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes	The complaints officer (CEO) maintains this register, however it is to be noted that no complaints that resulted in action occurred in 2014.	Malcolm Osborne
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Malcolm Osborne
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Malcolm Osborne
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Malcolm Osborne
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) (c).	Yes		Malcolm Osborne
Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	No	Consultancies undertaken in 2014 were treated as stand alone purchasing episodes and were not identified as having reached the statutory threshold for inviting tenders.	Malcolm Osborne
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	Yes		Malcolm Osborne
3	F&G Reg 14(1)	Did the local government invite tenders via Statewide public notice.	Yes		Malcolm Osborne
4	F&G Reg 14, 15 & 16	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Malcolm Osborne

Department of Local Government and Communities - Compliance Audit Return



Government of Western Australia
Department of Local Government and Communities

No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes		Malcolm Osborne
6	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes		Malcolm Osborne
7	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Malcolm Osborne
8	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Malcolm Osborne
9	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Malcolm Osborne
10	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	Yes		Malcolm Osborne
11	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A		Malcolm Osborne
12	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	N/A		Malcolm Osborne
13	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	N/A		Malcolm Osborne
14	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	N/A	The Town currently has a Regional Price Preference policy	Malcolm Osborne
15	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$100,000 or less.	Yes		Malcolm Osborne

**ITEM 12 LATE ITEMS AS PERMITTED BY PRESIDING MEMBER/
COMMITTEE**

Nil

ITEM 13 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

ITEM 14 CONFIDENTIAL ITEMS

Nil

**ITEM 15 APPLICATIONS FOR LEAVE OF ABSENCE FOR THE NEXT
AUDIT & FINANCE COMMITTEE MEETING**

Nil

**ITEM 16 ATTENDANCE BY TELEPHONE/ INSTANTANEOUS
COMMUNICATIONS****201415/037 AUDIT & FINANCE COMMITTEE DECISION****MOVED: CR HUNT****SECONDED: MAYOR HOWLETT**

That the Audit & Finance Committee recommend that Council approve Mayor Howlett and Councillor Jacob's attendance at the Audit & Finance Committee Meeting being held on Wednesday 22 April 2015 via way of teleconference whilst in Perth, Western Australia.

CARRIED 3/0

ITEM 17 CLOSURE**17.1 Date of Next Meeting**

The next Audit and Finance Committee Meeting of Council will be held on Wednesday 22 April 2015 at 12:00pm in Council Chambers.

17.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 1:40pm.