

Town of
Port Hedland



TOWN OF PORT HEDLAND

SPECIAL COUNCIL MEETING MINUTES

**WEDNESDAY 12 AUGUST 2015 AT
5:30PM**

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

Agenda Items:

1. Financial Management – Budget – Adoption of 2015/16 Budget

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

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

DISCLOSURE OF FINANCIAL/ IMPARTIALITY/ PROXIMITY INTERESTS

Local Government Act 1995 – Section 5.65, 5.70 and 5.71 and Local Government (Administration) Regulation 34C

Name of Person Declaring the Interest: _____

Position: _____ Date of Meeting: _____

This form is provided to enable members and officers to disclose an Interest in a matter in accordance with the regulations of Section 5.65, 5.70 and 5.71 of the Local Government Act and Local Government (Administration) Regulation 34C

INTEREST DISCLOSED			
Item No: _____			
Subject: _____			
Nature of Interest: _____			
Type of Interest:	Financial	Impartiality	Proximity
INTEREST DISCLOSED			
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Nature of Interest: _____			
Type of Interest:	Financial	Impartiality	Proximity

Signature: _____ Date: _____

Interests Affecting Impartiality: Disclosing Statement

“With regard to....(the matter in item)... I disclose that I have an association with the applicant. As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly.”

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ITEM 1 OPENING OF MEETING

The Mayor declared the meeting open at 5:36pm.

ITEM 2 ACKNOWLEDGMENT OF TRADITIONAL OWNERS

Mayor acknowledged the traditional owners, the Kariyarra people.

ITEM 3 RECORDING OF ATTENDANCE**3.1 Attendance**

Mayor Kelly Howlett
Councillor Gloria Jacob
Councillor George Daccache
Councillor Jan Gillingham
Councillor David Hooper
Councillor Julie Hunt
Councillor Lorraine Butson
Councillor Troy Melville

Mal Osborne	Chief Executive Officer
Sid Jain	Director Corporate Services
Brendan Smith	Director Works and Services
Chris Linnell	Director Community and Development Services
Peter Kocian	Executive Officer
Josephine Bianchi	Governance Coordinator/Minute Taker

Public	3
Media	1
ToPH officers	8

3.2 Apologies

Nil

3.3 Approved Leave of Absence

Nil

ITEM 4 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.'

Mayor opened Public Question Time at 5:38pm.

4.1 Public Question Time**4.1 Mr Camilo Blanco**

The bottom of page 2 of the 15/16 budget lists other comprehensive income in the 14/15 actuals of \$180M. What is this in reference to?

Executive Officer advised this figure refers to the forecast fair valuation of infrastructure assets in 14/15 which covers roads, drainage, footpaths, kerbing, parks and ovals. For the 13/14 financial year the town was required to revalue land and building assets, that resulted in a \$91M increment in valuation of those assets; we are expecting a significant increase in the value of infrastructure assets for the 14/15 financial year. Under the Local Government Financial Management Regulations local governments are required undertake fair value of assets on a three year cycle. As part of that process an assessment of all physical assets has been undertaken, as well as a review of unit rates in terms assessing the carrying costs of those assets, and a methodology to determine fair value is put together based on these assessments.

Is this increase in valuation a percentage of the valuation? The reason I ask is because the Town's airport is up for lease and the figure in question coincides with the \$150/\$200M that the Town might derive from the airport lease.

Mayor advised that this figure is not a percentage.

Executive Officer advised this is a ball park estimate for an increase in valuation for all assets sub-classes in the infrastructure category which includes roads, drainage, footpaths and parks and ovals.

I ask this question because the residential aspect of valuations went down by about 39%, which is quite substantial and that was in the \$500/\$600M mark. I find this figure odd, is this just a guess?

Mayor advised there is science around this figure.

Chief Executive Officer suggested Mr Blanco take a look at the documentation that has been put together in relation to how the valuation was constructed.

Executive Officer advised there is a 50 page document in relation to fair value methodology for infrastructure assets which he is happy to release. The Town also has dedicated asset management software named Assetic where officers include inputs on costs and conditions, and the software then determines a valuation; this is how the \$180M figure has been generated.

Why are there no notes in the budget document on \$180M?

Chief Executive Officer advised there are some notes on the bottom of page on how the figure was created. Last year there was a report to Council for the need to move to fair value assessment of infrastructure.

The budget needs to be detailed in those numbers, other sections are detailed not this one.

Mayor advised there is mention of fair value so your question has been answered.

If the airport is leased what happens to the \$180M expenditure on page 61?

Chief Executive Officer advised the Town is obligated to continue to invest some of those capital funds, but not all of them. Some works are required and indicated a value of \$6M. If the transaction did occur there will be a transition period of about 3 months. There are some compliance works that need to be undertaken and other funding allocated to water and sewerage that the Town would still be required to do irrespective of a lease arrangement but not for the whole \$18M.

Is there a page that describes exactly how much money will have to be spent on the airport if the lease goes ahead?

Chief Executive Officer advised that there isn't because at this time the Town has considered the need to build the budget on business as usual. If the lease did proceed then the Town would need to report back to Council on how that would change the process.

In relation to waste management: after tonight there should be about \$12M in the reserve; why are we contracting out waste management services such as rubbish trucks and other areas when the waste management budget is quite good? What will happen to employees the Town has had for years doing the rounds with the rubbish truck?

Chief Executive Officer advised at this stage there is no decision of Council to change what is currently being done. At officer level a discussion has started as to whether it is worthwhile testing the market to see if kerbside collection for example can be viably done by somebody else. If that situation was reported to Council then the Town would also have to consider how existing staff are managed.

This morning I asked for bank statements of all Town of Port Hedland accounts. Page 28 of the budget states that 14/15 actuals are about \$72M in reserves. From the paperwork received from the Director of Corporate Services today I can only add up to \$40,850,000. Did I get all the paperwork and was this also forwarded to Councillors?

Mayor advised in the affirmative.

Can the discrepancy in numbers be explained?

Mayor advised that this might be due to timing, in terms of dates of when the different documents were produced.

Director Corporate Services confirmed that all statements provided to Mr Blanco add up correctly and that there should be no discrepancies.

Mayor suggested Mr Blanco sit down with the Director Corporate Services to clarify any issues. Mr Blanco took the offer on board.

Mayor closed Public Question Time at 5:50pm.

Mayor opened Public Statement Time at 5:51pm.

4.2 Public Statement Time

Mayor closed Public Statement Time at 5:51pm.

ITEM 5 QUESTIONS FROM MEMBERS WITHOUT NOTICE

5.1 Councillor Butson

The transport section on page 19 shows that the budgeted amount for 2014 was \$4,274,000 but the Town only spent \$886,000; has the difference been transferred across to 15/16 and has it been increased? Is it for works in progress?

Chief Executive Officer advised some of those figures will be carried over where there are grant funding or roads program funding such as Pinga Street. Some municipal funds may not have been carried forward and they will feature in the closing position for the 14/15 year.

EXPLANATORY NOTE: Chief Executive Officer responded on the basis that Councillor Butson was referring to the status of the Town's road program. Councillor Butson was in fact referring to depreciation expense which was subsequently clarified by the Executive Officer as per the below.

Executive Officer asked whether Councillor Butson was referring to note 2a depreciation by program and Councillor Butson confirmed this.

Executive Officer further confirmed that depreciation figures are based on 14/15 actual data; when the budget was prepared staff were yet to close out on the fair value assessment, which explains why the 14/15 actuals are less than the budgeted amount. When the 14/15 year is closed out and the fair value assessment of infrastructure assets is finalised this will allow staff to finalise depreciation figures which will be much closer to the budgeted figure. The 14/15 comparatives provided in the budget are an estimate, as stated in the document notes.

Page 27, Spoilbank reserve account – can the amount in relation to the \$2M reserve be explained?

Chief Executive Officer advised this is an arbitrary figure to enable the design and planning for the waterfront precinct to continue throughout 15/16.

Page 5, Employees cost - for 14/15 the budget was \$23,914,000 and the actuals \$31,134,000, 15/16 shows a decrease to \$24,448,000, is there a breakdown for this?

Executive Officer advised the way the 15/16 budget workbook is structured is different from the 14/15 one as now employee cost are divided between salary and wages, superannuation, workers compensation and training and development; with budgets allocated at the income/expenditure code level rather than the general ledger level, hence the change in figures to reflect different classifications.

ITEM 6 DECLARATION OF ALL MEMBERS TO HAVE GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPER BEFORE THE MEETING

Mayor Howlett	Councillor Hooper
Councillor Jacob – Deputy Mayor	Councillor Hunt
Councillor Daccache	Councillor Melville
Councillor Gillingham	Councillor Butson

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 7 REPORTS OF OFFICERS**7.1 Corporate Services****7.1.1 Financial Management - Budget - Adoption of 2015/16 Budget**

Peter Kocian, Executive Officer
File No.12/05/0010

DISCLOSURE OF INTEREST BY OFFICER

Nil

RECOMMENDATION**PART A – MUNICIPAL FUND BUDGET FOR 2015/16**

That Council:

1. Pursuant to the provisions of section 6.2 of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, the Council adopt the Municipal Fund Budget as contained at Attachment 1 of this agenda and the minutes, for the Town of Port Hedland for the 2015/16 financial year which includes the following:
 - a) Statement of Comprehensive Income by Nature and Type on page 2 showing a net result for 2015/16 of \$4,786,000
 - b) Statement of Comprehensive Income by Program on page 3 showing a net result for 2015/16 of \$4,786,000
 - c) Statement of Cash Flows on page 5 showing cash and cash equivalents at the end of the year of \$65,474,000
 - d) Rate Setting Statement on page 6 showing an amount to be raised from rates of \$25,621,000
 - e) Notes to and Forming Part of the Budget on pages 7-46
 - f) Transfers to / from Reserve Accounts as detailed in pages 27-29
 - g) Budget Program Schedules as contained in the Supplementary Information

ABSOLUTE MAJORITY REQUIRED

PART B – GENERAL AND MINIMUM RATES, INSTALMENT PAYMENT ARRANGEMENTS AND CONCESSIONS

That Council:

1. For the purpose of yielding the deficiency disclosed by the Municipal Fund Budget adopted as Part A above, Council pursuant to sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995* impose the following differential general rates and minimum payments on Gross Rental and Unimproved Values:

1.1 General Rates

Residential (GRV)	5.6920 cents in the dollar
Commercial (GRV)	4.3026 cents in the dollar
Industrial (GRV)	2.8978 cents in the dollar
Shopping Centre (GRV)	5.7891 cents in the dollar
Mass Accommodation (GRV)	26.0000 cents in the dollar
Tourist Accommodation (GRV)	11.4339 cents in the dollar
Mining (UV)	42.3693 cents in the dollar
Mining Exploration (UV)	36.1702 cents in the dollar
Mining Other (UV)	36.9834 cents in the dollar
Pastoral (UV)	10.8292 cents in the dollar
Other (UV)	18.8800 cents in the dollar

1.2 Minimum Payments

Residential (GRV)	\$1,260
Commercial (GRV)	\$1,260
Industrial (GRV)	\$1,260
Shopping Centre (GRV)	\$1,260
Mass Accommodation (GRV)	\$1,260
Tourist Accommodation (GRV)	\$1,260
Mining (UV)	\$1,260
Mining Exploration (UV)	\$1,100
Mining Other (UV)	\$260
Pastoral (UV)	\$1,260
Other (UV)	\$1,260

2. Pursuant to section 6.45 of the *Local Government Act 1995* and regulation 64 (2) of the *Local Government (Financial Management) Regulations 1996*, Council nominates the following due dates for the payment of rates in full by instalments:

Full Payment and instalment due date	29 September 2015
2 nd quarterly instalment date	04 December 2015
3 rd quarterly instalment date	12 February 2016
4 th quarterly instalment date	15 April 2016

3. Pursuant to section 6.45 of the *Local Government Act 1995* and regulation 67 of the *Local Government (Financial Management) Regulations 1996*, Council adopts an instalment administration charge where the owner has elected to pay rates and service charges through an instalment option of \$14 for each instalment after the initial instalment is paid (excluding eligible pensioners and seniors).
4. Pursuant to section 6.45 of the *Local Government Act 1995* and regulation 68 of the *Local Government (Financial Management) Regulations 1996*, Council adopts an interest rate of 5.5% where the owner has elected to pay rates and service charges through an instalment option (excluding eligible pensioners and seniors).
5. Pursuant to section 6.51 (1) and subject to section 6.51 (4) of the *Local Government Act 1995* and regulation 70 of the *Local Government (Financial Management) Regulations 1996*, Council adopts an interest rate of 11% for rates and service charges and costs of proceedings to recover such charges that remains unpaid after becoming due and payable (excluding eligible pensioners and seniors).
6. Pursuant to section 6.47 of the *Local Government Act 1995* and subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, Council grants the following concessions in relation to 2015/16 rate charges:

Organisation	Assessment	Address	15/16 Proposed rates	15/16 Budget Concession
Royal Flying Doctor Service Western Operations	A102320	3 Finlay Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
UCA Assesmbly Limited (Frontier Services)	A113927	22 Beroona Loop, South Hedland	\$ 2,515.86	\$ 2,515.86
Royal Flying Doctor Service Western Operations	A116509	8 Martin Court, South Hedland	\$ 2,723.05	\$ 907.59
Royal Flying Doctor Service Western Operations	A117190	15 Woodman Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
Royal Flying Doctor Service Western Operations	A117310	3 Thetis Place, Port Hedland	\$ 4,114.18	\$ 1,371.26
Royal Flying Doctor Service Western Operations	A119270	17 Woodman Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
Hope Community Services INC	A120580	14 Nyanda Place, South Hedland	\$ 3,255.82	\$ 3,255.82
Royal Flying Doctor Service Western Operations	A121420	15 Craig Street, Port Hedland	\$ 3,344.62	\$ 1,114.76
Royal Flying Doctor Service Western Operations	A122640	21 Finlay Street, Port Hedland	\$ 3,403.82	\$ 1,134.49
Royal Flying Doctor Service Western Operations	A123020	159 Athol Street, Port Hedland	\$ 7,222.01	\$ 2,407.10
Royal Flying Doctor Service Western Operations	A123140	1 Neptune Place, Port Hedland	\$ 3,966.19	\$ 1,321.93
Port Hedland Lodge No. 174 WAC	A123310	Lot 1628 Moore Street	\$ 1,579.25	\$ 789.62
Royal Flying Doctor Service Western Operations	A125790	185 Athol Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
Royal Flying Doctor Service Western Operations	A125800	2 Hall Street, Port Hedland	\$ 3,729.40	\$ 1,243.01
Royal Flying Doctor Service Western Operations	A125810	4 Hall Street, Port Hedland	\$ 3,167.03	\$ 1,055.57
Royal Flying Doctor Service Western Operations	A125820	187 Athol Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
Royal Flying Doctor Service Western Operations	A127350	5 Grant Street, Port Hedland	\$ 2,871.04	\$ 956.92
UCA Assesmbly Limited (Frontier Services)	A152556	Unit 6, 35 Egret Crescent, South Hedland	\$ 1,835.10	\$ 1,835.10
Royal Flying Doctor Service Western Operations	A153246	16B Spoonbill Crescent, South Hedland	\$ 1,775.90	\$ 591.91
Treloar Child Care Centre Inc.	A154780	4 Treloar Close, South Hedland	\$ 1,792.03	\$ 896.02
WA Family Violence Prevention Legal Service Aboriginal Corp	A155850	Unit 5 22-26 Throssell Road, South Hedland	\$ 1,342.41	\$ 1,342.41
Port Hedland Speedway Club	A156260	118 Madigan Road, Port Hedland	\$ 19,582.88	\$ 19,582.88
Port Hedland Golf Club	A156490	L5164 Shoata Road, South Hedland	\$ 3,078.34	\$ 1,539.17
Royal Flying Doctor Service Western Operations	A300057	33 Styles Road, Port Hedland	\$ 3,966.19	\$ 1,321.93
UCA Assesmbly Limited (Frontier Services)	A400610	10 Smith Street, South Hedland	\$ 1,835.10	\$ 1,835.10
WA Family Violence Prevention Legal Service Aboriginal Corp	A401480	32 Demarchi Road , South Hedland	\$ 2,693.45	\$ 897.73
Children Services Support Unit (CSSU) Inc.	A402430	Lot 2513 Dempster Street, Port Hedland	\$ 1,389.74	\$ 694.87
Youth Involvement Council	A406870	69 Stanley Street, South Hedland	\$ 2,427.07	\$ 2,427.07
Rose Nowers Early Learning Centre	A800200	Lot 2791 Boronia Close, South Hedland	\$ 1,465.47	\$ 732.73
Youth Involvement Council	A802207	L304 Lawson Street, South Hedland	\$ 1,260.00	\$ 1,260.00
South Hedland Owners & Trainers Association INC.	A802155	L254 Shoata Road, Boodarie	\$ 40,214.40	\$ 40,214.40
Port Hedland Seafarers Centre Inc.	A803051	P48 Wharf Road, Port Hedland	\$ -	\$ -
Port Hedland Pony Club	A805022	L29 (LS1) Johnson Lane, Port Hedland	\$ 2,947.28	\$ 2,947.28
Port Hedland Turf Club	A805022	L29 (LS2) Johnson Lane, Port Hedland	\$ 2,947.28	\$ 1,473.64
Youth Involvement Council	A805519	9 Corbet Place, South Hedland	\$ 1,260.00	\$ 1,260.00
ADDITIONAL 15/16 + 16/17				
Hedland Women's Refuge Inc	A115030	2 Thompson Street, Port Hedland	\$ 3,818.19	\$ 3,818.19
Total				\$ 107,874.24

7. Pursuant to sections 6.45 and 6.49 of the *Local Government Act 1995*, where a person elects to pay rates and service charges via direct debit (alternative arrangement), and rates and service charges (including arrears) are paid in full by 30 June 2016, Council resolves to waive the instalment administration charge and all penalty interest for the 2015/16 financial year.

ABSOLUTE MAJORITY REQUIRED

PART C – RESERVE FUNDS – PURPOSE

That Council:

1. Pursuant to section 6.11 of the *Local Government Act 1995*, a Strategic Reserve be established. The purpose of this Reserve is to fund projects as included in the Town's Strategic Community Plan and Corporate Business Plan.

- Pursuant to section 6.11 of the *Local Government Act 1995*, an Unspent Grants, Loans and Contributions Reserve be established. The purpose of this Reserve is to restrict unspent grants, loans and contributions at the end of the year.

ABSOLUTE MAJORITY REQUIRED

PART D – GENERAL FEES AND CHARGES FOR 2015/16

That Council:

- Pursuant to section 6.16 of the *Local Government Act 1995*, Council adopts the Schedule of Fees and Charges as included in the Supplementary Information of the draft 2015/16 Budget included as Attachment 1 of this agenda and minutes.

ABSOLUTE MAJORITY REQUIRED

PART E – OTHER STATUTORY FEES FOR 2015/16

That Council:

- Pursuant to section 53 of the *Cemeteries Act 1986*, Council adopts the Fees and Charges for the Cemeteries included in the Schedule of Fees and Charges contained in the Supplementary Information of the draft 2015/16 Budget included as Attachment 1 of this agenda and minutes.
- Pursuant to section 245A (8) of the Local Government (Miscellaneous Provisions) Act 1960, Council adopts an annual swimming pool inspection fee of \$55 inclusive of GST.
- Pursuant to section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, Council adopt the following charges for the removal and deposit of domestic and commercial waste:

240ltr bin weekly collection – Classic	\$282.50
240ltr bin weekly collection Classic – eligible pensioner/senior (20% discount)	\$226.00
240ltr bin weekly collection Premium	\$501.00
240ltr bin weekly collection Premium – eligible pensioner/senior (20% discount)	\$400.80

A classic service being where the bin is picked up from the verge.
A premium service being where the bin is manually picked up from the property, emptied and returned.

SIMPLE MAJORITY REQUIRED

PART F – ELECTED MEMBERS FEES AND ALLOWANCES FOR 2015/16

That Council:

1. Pursuant to section 5.99 of the *Local Government Act 1995* and regulation 34 of the *Local Government (Administration) Regulations 1996*, Council adopts the following annual fees for payment of elected members in lieu of individual meeting attendance fees:

Mayor	\$46,350
Councillors	\$30,900

2. Pursuant to section 5.99A of the *Local Government Act 1995* and regulations 34A and 34AA of the *Local Government (Administration) Regulations 1996*, Council adopts the following annual allowances for elected members:

Information Technology Allowance	\$3,500
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3. Pursuant to section 5.98 (5) of the *Local Government Act 1995* and regulation 33 of the *Local Government (Administration) Regulations 1996*, Council adopts the following annual local government allowance to be paid in addition to the annual meeting allowance:

Mayor	\$87,550
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4. Pursuant to section 5.98A of the *Local Government Act 1995* and regulation 33A of the *Local Government (Administration) Regulations 1996*, Council adopts the following annual local government allowance to be paid in addition to the annual meeting allowance:

Deputy Mayor	\$21,887.50
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ABSOLUTE MAJORITY REQUIRED

PART G – MATERIAL VARIANCE REPORTING FOR 2015/16

That Council:

1. In accordance with regulations 34 (5) of the *Local Government (Financial Management) Regulations 1996*, and AASB 1031 Materiality, the level to be used in statements of financial activity in 2015/16 for reporting material variances shall be:
- 10% of the amended budget; or
 - \$100,000 of the amended budget

Whichever is the lesser.

SIMPLE MAJORITY REQUIRED

PART H – FINANCIAL ASSISTANCE GRANTS TO LOCAL GOVERNMENT

That Council:

1. Acknowledges the importance of Federal funding through the Financial Assistance Grants Program for the continued delivery of services and infrastructure;
2. Acknowledges the receipt of \$3,475,389 in Financial Assistance Grants in 2014/15, including a part advance payment of the 2015/16 grants;
3. Will ensure that this federal funding, and other funding provided by the Federal Government under relevant grant programs, is appropriately identified as Commonwealth grant funding in Council publications, including annual reports.

SIMPLE MAJORITY REQUIRED

PART I – RATING IMPROVEMENT PLAN FOR 2016/17

That Council consider the following rating improvements for the 2016/17 financial year as a result of discussions with the Department of Local Government and Communities:

- a) For the Town to strengthen the Statement of Rating Objects and Reasons to tie into the 'Benefit Principle' and clearly explain the reasons for differentials in the rate in the dollar between general rate categories;
- b) A methodology to determine a uniform per head contribution for total population residing in residential, mass accommodation and tourist accommodation dwellings;
- c) Continue normalizing the GRV Shopping Centre rate in the dollar with the GRV Commercial rate in the dollar;
- d) The consolidation of the UV Mining and UV Mining Other general rate categories;
- e) The consideration of a uniform minimum payment for UV Mining including UV Mining Exploration;
- f) The implementation of a concession arrangement for pastoral properties to increase the base UV rate.

SIMPLE MAJORITY REQUIRED

201516/021 COUNCIL DECISION**MOVED: COUNCILLOR DACCACHE SECONDED: COUNCILLOR JACOB****That Council adopts en bloc recommendations A to I of agenda item 7.1.1 ' Financial Management – Budget – Adoption of 2015/16 Budget'.*****CARRIED BY ABSOLUTE MAJORITY VOTE 8/0*****PART A – MUNICIPAL FUND BUDGET FOR 2015/16****That Council:**

- 1. Pursuant to the provisions of section 6.2 of the Local Government Act 1995 and Part 3 of the Local Government (Financial Management) Regulations 1996, the Council adopt the Municipal Fund Budget as contained at Attachment 1 of this agenda and the minutes, for the Town of Port Hedland for the 2015/16 financial year which includes the following:**
 - c) Statement of Comprehensive Income by Nature and Type on page 2 showing a net result for 2015/16 of \$4,786,000**
 - d) Statement of Comprehensive Income by Program on page 3 showing a net result for 2015/16 of \$4,786,000**
 - e) Statement of Cash Flows on page 5 showing cash and cash equivalents at the end of the year of \$65,474,000**
 - f) Rate Setting Statement on page 6 showing an amount to be raised from rates of \$25,621,000**
 - g) Notes to and Forming Part of the Budget on pages 7-46**
 - h) Transfers to / from Reserve Accounts as detailed in pages 27-29**
 - i) Budget Program Schedules as contained in the Supplementary Information**

CARRIED BY EN BLOC RESOLUTION

PART B – GENERAL AND MINIMUM RATES, INSTALMENT PAYMENT ARRANGEMENTS AND CONCESSIONS

That Council:

1. For the purpose of yielding the deficiency disclosed by the Municipal Fund Budget adopted as Part A above, Council pursuant to sections 6.32, 6.33, 6.34 and 6.35 of the Local Government Act 1995 impose the following differential general rates and minimum payments on Gross Rental and Unimproved Values:

1.1 General Rates

Residential (GRV)	5.6920 cents in the dollar
Commercial (GRV)	4.3026 cents in the dollar
Industrial (GRV)	2.8978 cents in the dollar
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Mass Accommodation (GRV)	26.0000 cents in the dollar
Tourist Accommodation (GRV)	11.4339 cents in the dollar
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Mining Other (UV)	36.9834 cents in the dollar
Pastoral (UV)	10.8292 cents in the dollar
Other (UV)	18.8800 cents in the dollar

1.2 Minimum Payments

Residential (GRV)	\$1,260
Commercial (GRV)	\$1,260
Industrial (GRV)	\$1,260
Shopping Centre (GRV)	\$1,260
Mass Accommodation (GRV)	\$1,260
Tourist Accommodation (GRV)	\$1,260
Mining (UV)	\$1,260
Mining Exploration (UV)	\$1,100
Mining Other (UV)	\$260
Pastoral (UV)	\$1,260
Other (UV)	\$1,260

2. Pursuant to section 6.45 of the Local Government Act 1995 and regulation 64 (2) of the Local Government (Financial Management) Regulations 1996, Council nominates the following due dates for the payment of rates in full by instalments:

Full Payment and instalment due date	29 September 2015
2 nd quarterly instalment date	04 December 2015
3 rd quarterly instalment date	12 February 2016
4 th quarterly instalment date	15 April 2016

3. Pursuant to section 6.45 of the *Local Government Act 1995* and regulation 67 of the *Local Government (Financial Management) Regulations 1996*, Council adopts an instalment administration charge where the owner has elected to pay rates and service charges through an instalment option of \$14 for each instalment after the initial instalment is paid (excluding eligible pensioners and seniors).
4. Pursuant to section 6.45 of the *Local Government Act 1995* and regulation 68 of the *Local Government (Financial Management) Regulations 1996*, Council adopts an interest rate of 5.5% where the owner has elected to pay rates and service charges through an instalment option (excluding eligible pensioners and seniors).
5. Pursuant to section 6.51 (1) and subject to section 6.51 (4) of the *Local Government Act 1995* and regulation 70 of the *Local Government (Financial Management) Regulations 1996*, Council adopts an interest rate of 11% for rates and service charges and costs of proceedings to recover such charges that remains unpaid after becoming due and payable (excluding eligible pensioners and seniors).
6. Pursuant to section 6.47 of the *Local Government Act 1995* and subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, Council grants the following concessions in relation to 2015/16 rate charges:

Organisation	Assessment	Address	15/16 Proposed rates	15/16 Budget Concession
Royal Flying Doctor Service Western Operations	A102320	3 Finlay Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
UCA Assesmbly Limited (Frontier Services)	A113927	22 Beroona Loop, South Hedland	\$ 2,515.86	\$ 2,515.86
Royal Flying Doctor Service Western Operations	A116509	8 Martin Court, South Hedland	\$ 2,723.05	\$ 907.59
Royal Flying Doctor Service Western Operations	A117190	15 Woodman Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
Royal Flying Doctor Service Western Operations	A117310	3 Thetis Place, Port Hedland	\$ 4,114.18	\$ 1,371.26
Royal Flying Doctor Service Western Operations	A119270	17 Woodman Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
Hope Community Services INC	A120580	14 Nyanda Place, South Hedland	\$ 3,255.82	\$ 3,255.82
Royal Flying Doctor Service Western Operations	A121420	15 Craig Street, Port Hedland	\$ 3,344.62	\$ 1,114.76
Royal Flying Doctor Service Western Operations	A122640	21 Finlay Street, Port Hedland	\$ 3,403.82	\$ 1,134.49
Royal Flying Doctor Service Western Operations	A123020	159 Athol Street, Port Hedland	\$ 7,222.01	\$ 2,407.10
Royal Flying Doctor Service Western Operations	A123140	1 Neptune Place, Port Hedland	\$ 3,966.19	\$ 1,321.93
Port Hedland Lodge No. 174 WAC	A123310	Lot 1628 Moore Street	\$ 1,579.25	\$ 789.62
Royal Flying Doctor Service Western Operations	A125790	185 Athol Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
Royal Flying Doctor Service Western Operations	A125800	2 Hall Street, Port Hedland	\$ 3,729.40	\$ 1,243.01
Royal Flying Doctor Service Western Operations	A125810	4 Hall Street, Port Hedland	\$ 3,167.03	\$ 1,055.57
Royal Flying Doctor Service Western Operations	A125820	187 Athol Street, Port Hedland	\$ 3,078.23	\$ 1,025.98
Royal Flying Doctor Service Western Operations	A127350	5 Grant Street, Port Hedland	\$ 2,871.04	\$ 956.92
UCA Assesmbly Limited (Frontier Services)	A152556	Unit 6, 35 Egret Crescent, South Hedland	\$ 1,835.10	\$ 1,835.10
Royal Flying Doctor Service Western Operations	A153246	16B Spoonbill Crescent, South Hedland	\$ 1,775.90	\$ 591.91
Treloar Child Care Centre Inc.	A154780	4 Treloar Close, South Hedland	\$ 1,792.03	\$ 896.02
WA Family Violence Prevention Legal Service Aboriginal Corp	A155850	Unit 5 22-26 Throssell Road, South Hedland	\$ 1,342.41	\$ 1,342.41
Port Hedland Speedway Club	A156260	118 Madigan Road, Port Hedland	\$ 19,582.88	\$ 19,582.88
Port Hedland Golf Club	A156490	L5164 Shoata Road, South Hedland	\$ 3,078.34	\$ 1,539.17
Royal Flying Doctor Service Western Operations	A300057	33 Styles Road, Port Hedland	\$ 3,966.19	\$ 1,321.93
UCA Assesmbly Limited (Frontier Services)	A400610	10 Smith Street, South Hedland	\$ 1,835.10	\$ 1,835.10
WA Family Violence Prevention Legal Service Aboriginal Corp	A401480	32 Demarchi Road , South Hedland	\$ 2,693.45	\$ 897.73
Children Services Support Unit (CSSU) Inc.	A402430	Lot 2513 Dempster Street, Port Hedland	\$ 1,389.74	\$ 694.87
Youth Involvement Council	A406870	69 Stanley Street, South Hedland	\$ 2,427.07	\$ 2,427.07
Rose Nowers Early Learning Centre	A800200	Lot 2791 Boronia Close, South Hedland	\$ 1,465.47	\$ 732.73
Youth Involvement Council	A802207	L304 Lawson Street, South Hedland	\$ 1,260.00	\$ 1,260.00
South Hedland Owners & Trainers Association INC.	A802155	L254 Shoata Road, Boodarie	\$ 40,214.40	\$ 40,214.40
Port Hedland Seafarers Centre Inc.	A803051	P48 Wharf Road, Port Hedland	\$ -	\$ -
Port Hedland Pony Club	A805022	L29 (LS1) Johnson Lane, Port Hedland	\$ 2,947.28	\$ 2,947.28
Port Hedland Turf Club	A805022	L29 (LS2) Johnson Lane, Port Hedland	\$ 2,947.28	\$ 1,473.64
Youth Involvement Council	A805519	9 Corbet Place, South Hedland	\$ 1,260.00	\$ 1,260.00
ADDITIONAL 15/16 + 16/17				
Hedland Women's Refuge Inc	A115030	2 Thompson Street, Port Hedland	\$ 3,818.19	\$ 3,818.19
Total				\$ 107,874.24

7. Pursuant to sections 6.45 and 6.49 of the Local Government Act 1995, where a person elects to pay rates and service charges via direct debit (payment by arrangement), and rates and service charges (including arrears) are paid in full by 30 June 2016, Council resolves to waive the instalment administration charge and all penalty interest for the 2015/16 financial year.

CARRIED BY EN BLOC RESOLUTION

PART C – RESERVE FUNDS – PURPOSE

That Council:

1. Pursuant to section 6.11 of the *Local Government Act 1995*, a Strategic Reserve be established. The purpose of this Reserve is to fund projects as included in the Town's Strategic Community Plan and Corporate Business Plan.
2. Pursuant to section 6.11 of the *Local Government Act 1995*, an Unspent Grants, Loans and Contributions Reserve be established. The purpose of this Reserve is to restrict unspent grants, loans and contributions at the end of the year.

CARRIED BY EN BLOC RESOLUTION

PART D – GENERAL FEES AND CHARGES FOR 2015/16

That Council pursuant to section 6.16 of the *Local Government Act 1995*, Council adopts the Schedule of Fees and Charges as included in the Supplementary Information of the draft 2015/16 Budget included as Attachment 1 of this agenda and minutes.

CARRIED BY EN BLOC RESOLUTION

PART E – OTHER STATUTORY FEES FOR 2015/16

That Council:

1. Pursuant to section 53 of the *Cemeteries Act 1986*, Council adopts the Fees and Charges for the Cemeteries included in the Schedule of Fees and Charges contained in the Supplementary Information of the draft 2015/16 Budget included as Attachment 1 of this agenda and minutes.
2. Pursuant to regulation 53 of the Building Regulations 2012, Council adopts an annual swimming pool inspection fee of \$55 inclusive of GST.
3. Pursuant to section 67 of the Waste Avoidance and Resources Recovery Act 2007, Council adopt the following charges for the removal and deposit of domestic and commercial waste:

240ltr bin weekly collection – Classic	\$282.50
240ltr bin weekly collection Classic – eligible pensioner/senior (20% discount)	\$226.00
240ltr bin weekly collection Premium	\$501.00
240ltr bin weekly collection Premium – eligible pensioner/senior (20% discount)	\$400.80

A classic service being where the bin is picked up from the verge.

A premium service being where the bin is manually picked up from the property, emptied and returned.

CARRIED BY EN BLOC RESOLUTION

PART F – ELECTED MEMBERS FEES AND ALLOWANCES FOR 2015/16

That Council:

1. Pursuant to section 5.99 of the *Local Government Act 1995* and regulation 34 of the *Local Government (Administration) Regulations 1996*, Council adopts the following annual fees for payment of elected members in lieu of individual meeting attendance fees:

Mayor	\$46,350
Councillors	\$30,900

2. Pursuant to section 5.99A of the *Local Government Act 1995* and regulations 34A and 34AA of the *Local Government (Administration) Regulations 1996*, Council adopts the following annual allowances for elected members:

Information Technology Allowance	\$3,500
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3. Pursuant to section 5.98 (5) of the *Local Government Act 1995* and regulation 33 of the *Local Government (Administration) Regulations 1996*, Council adopts the following annual local government allowance to be paid in addition to the annual meeting allowance:

Mayor	\$87,550
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4. Pursuant to section 5.98A of the *Local Government Act 1995* and regulation 33A of the *Local Government (Administration) Regulations 1996*, Council adopts the following annual local government allowance to be paid in addition to the annual meeting allowance:

Deputy Mayor	\$21,887.50
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CARRIED BY EN BLOC RESOLUTION

PART G – MATERIAL VARIANCE REPORTING FOR 2015/16

That Council in accordance with regulations 34 (5) of the Local Government (Financial Management) Regulations 1996, and AASB 1031 Materiality, the level to be used in statements of financial activity in 2015/16 for reporting material variances shall be:

- a) 10% of the amended budget; or
- b) \$100,000 of the amended budget

Whichever is the lesser.

CARRIED BY EN BLOC RESOLUTION

PART H – FINANCIAL ASSISTANCE GRANTS TO LOCAL GOVERNMENT

That Council:

1. Acknowledges the importance of Federal funding through the Financial Assistance Grants Program for the continued delivery of services and infrastructure;
2. Acknowledges the receipt of \$3,475,389 in Financial Assistance Grants in 2014/15, including a part advance payment of the 2015/16 grants;
3. Will ensure that this federal funding, and other funding provided by the Federal Government under relevant grant programs, is appropriately identified as Commonwealth grant funding in Council publications, including annual reports; and
4. Support the Australian Local Government Association (ALGA) in any campaign lobbying the restoration of indexation to FAGS or any other matter related to direct appropriation of funding from the Commonwealth government to local governments, which may include Roads to Recovery funding.

CARRIED BY EN BLOC RESOLUTION

PART I – RATING IMPROVEMENT PLAN FOR 2016/17

That Council consider the following rating improvements for the 2016/17 financial year as a result of discussions with the Department of Local Government and Communities:

- a) For the Town to strengthen the Statement of Rating Objects and Reasons to tie into the 'Benefit Principle' and clearly explain the reasons for differentials in the rate in the dollar between general rate categories;

- b) A methodology to determine a uniform per head contribution for total population residing in residential, mass accommodation and tourist accommodation dwellings;
- c) Continue normalizing the GRV Shopping Centre rate in the dollar with the GRV Commercial rate in the dollar;
- d) The consolidation of the UV Mining and UV Mining Other general rate categories;
- e) The consideration of a uniform minimum payment for UV Mining including UV Mining Exploration;
- f) The implementation of a concession arrangement for pastoral properties to increase the base UV rate; and
- g) Engage with the Department of Local Government and Communities to discuss opportunities for improvements across Pilbara Local Governments.

CARRIED BY EN BLOC RESOLUTION

EXECUTIVE SUMMARY

To consider and adopt the Municipal Fund Budget for the 2015/16 financial year together with supporting schedules, including imposition of rates and minimum payments, adoption of fees and charges, setting of elected member fees for the year and other consequential matters arising from the budget papers.

DETAILED REPORT

The draft 2015/16 Budget has been compiled on the principles contained in the Strategic Community Plan and Corporate Business Plan. These strategic documents informed the development of the Long Term Financial Plan that was adopted by Council in October 2014, with the draft 15/16 Budget effectively being derived from the Long Term Financial Plan. The draft Budget has been prepared in accordance with the presentations made to elected members at the various budget workshops over the last few months.

The proposed differential general rates were approved by Council at the Ordinary Meeting on 24 June 2015. Council cannot adopt the Budget without striking the rate in the dollar for differential general rates, which is dependent upon Ministerial approval as the Town proposes to:

- (a) Impose differential general rates for both Gross Rental Value and Unimproved Value such that the rate for one or more categories is more than twice that of the lowest category; and

The application for Ministerial approval was sent to the Department of Local Government and Communities on Tuesday 30 June 2015. The Town received an initial assessment from the Department on 13 July 2015 advising that approval could not be provided until the Town addressed a number of matters to the satisfaction of the Department. Following extensive consultation between the Town and the Department, a report was presented to the Ordinary Council Meeting of 29 July 2015 where Council resolved to adopt two changes to the 2015/16 Differential Rating Model based on recommendations provided by the Department:

- (i) GRV Mass Accommodation rate in the dollar reduced from 28.6116 cents to 26.0000 cents;
- (ii) UV Mining Other minimum payment reduced from \$1,260 to \$260.

These changes have resulted in a reduction of \$513,280 in budgeted rate yield.

The Town is currently awaiting Ministerial approval for the following rate in the dollars as they are more than twice the lowest rate in the GRV and UV categories:

GRV Mass Accommodation	26.0000 Cents
GRV Tourist Accommodation	11.4339 Cents
UV Mining	42.3693 Cents
UV Mining Other	36.9834 Cents
UV Mining Exploration	36.1702 Cents

Estimated Surplus Brought Forward 1 July 2015

The draft 2015/16 Budget is predicated on an estimated surplus brought forward from the 2014/15 financial year of \$2.95M. The composition of the estimated net current asset position is provided on page 31 of the draft Budget. This amount is calculated based on projected net current assets of \$1.774M as per the March 2015 Quarterly Budget Review, plus the advance payment of the Town's 2015/16 financial assistance grant amounting to \$1.173M which is recognized as revenue as soon as control of the funds is transferred (funds received on 30 June 2015).

The estimated surplus brought forward is a conservative estimate. An analysis of the components of net current assets has been undertaken, including a review of open purchase orders, unpaid contract payments, leave accruals, reconciliation of restricted cash including Reserve funds, debtor's invoices, inventory, and accruals. It is anticipated that the brought forward surplus figure may be higher than the \$2.95M budget position; however it is prudent to apply a conservative estimate. Budgetary issues will eventuate where the estimated brought forward surplus is much greater than the actual surplus, which will become known once all end of year accounting adjustments are finalized. This occurred in the 2013/14 Budget where the Town estimated a brought forward surplus of \$3.26M compared to an actual deficit of (\$2.5M). This effectively created a budget shortfall of \$5.76M in 2013/14.

Any variance between the estimated brought forward surplus of \$2.95M and the actual net current asset position as at 30 June 2015 will be addressed in the September 2015 Quarterly Budget Review (or earlier if timing allows). It will be recommended that any favourable improvement in the brought forward surplus be used to fund a transfer to either the Asset Management or Strategic Reserve.

Draft 2015/16 Budget Details

The Budget has been prepared to include information required by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. The main features of the draft Budget include:

- The draft Budget was originally prepared on the basis of a 0% increase in rate yield from 2014/15 actual rate revenue. The Town received significant interim rates of \$2.8M in 2014/15 which was unbudgeted; this additional rate revenue was used to prepay approximately \$2m in debt in the 14/15 financial year. This 'growth' in the Town's rate base has enabled the Town to implement a number of rating strategies in the 15/16 financial year, all of which were considered in detail at the Ordinary Meeting of 24 June 2015. A conservative estimate of \$509K has been budgeted in interim rates for 2015/16, with a total rate yield (net Concessions) of \$25,620,737. Compared to total rate revenue of \$26,374,224 in 2014/15, this equates to a \$753K or 2.8% reduction in rate revenue.
- Fees and charges have generally been increased by 3% and are itemized in the draft Budget. The Town advertised the proposed pricing strategy for the 2015/16 financial year in April and invited public comment. No formal submissions were received. The Town has previously adopted the following pricing principles to guide the setting of fees and charges:

Pricing Principles	Pricing Basis
Public Benefit	Zero to partial cost recovery
Private Benefit	Full cost recovery
Shared Benefit	Partial cost recovery
Regulatory	Regulatory

The draft 2015/16 Budget provides for total fees and charge revenue of \$29M; this is a reduction of \$3M from estimated actual revenue in 2014/15. This variance is mainly attributable to forecast reduced volumes at landfill. Of the \$29M in budgeted fees and charges revenue for 15/16, \$10.5M is to be received from waste management services, and \$15.9M from the Port Hedland International Airport. The balance of \$2.6M is received from all other facilities and services and it is apparent that the Town is under recovering in this area.

The Town has commenced a comprehensive review of fees and charges for Airport, Waste and Community Facilities with a view of establishing overarching guiding principles for the future setting of fees and charges by the Town of Port Hedland. The scope of the review includes the following; a detailed review of cost structures and usage data, analyse costs in relation to facilities and usage level to provide current cost recovery levels, analyse forecast changes in costs and annual facility usage, and identify any risks relating to setting of fees and charges.

Due to the later adoption of the Budget this year, it is proposed that the following implementation dates apply for the 2015/16 Schedule of Fees and Charges:

- Airport Fees and Charges - 1 January 2016 (to allow adequate forward notice for Airlines and other Airport users)
- Swimming Pool Inspection Charges and 240ltr Bin Charges – 1 July 2015 (these charges are levied on the annual rates notice)
- All other Fees and Charges – 1 September 2015 (to be advertised following the adoption of the Budget)
- Waste collection charges are proposed to increase by 3%, with a 20% discount applied to eligible pensioners and seniors. Charges are summarized as follows:

Collection Type	2014/15 Charge	2015/16 Charge
240ltr - Classic	\$274.30	\$282.50
240ltr - Premium	\$486.50	\$501.00
Pensioner/Senior Discount	20%	20%

- At the Ordinary Meeting of 25 March 2015, Council resolved to adopt the maximum amounts for elected member fees and allowances as per the Salaries and Allowances determination (resolution number 201415/206). These amounts have been incorporated into the 15/16 Budget.
- The recurrent operating budget sees an increase in expenditure in the following areas compared to the original 14/15 Budget:

Expenditure Item	\$ Increase	% Increase
Employee Costs	\$635k	2.6%
Materials and Contracts	\$666k	3.05%
Utility Charges	\$1051k	39%
Insurance	\$44k	3.4%

The Town is committed to cost constraint, and most increases have been limited to around 3%. Utility charges have increased due to a combination of the increase in State Government tariffs (forecast 18.9%: WALGA Economic Briefing March 2015) and increase in service levels. The Town is investigating energy efficient solutions for all civic facilities (has just completed an Energy Audit), and the Budget provides for retrofitting solar PV to all Town dwellings. The majority of sportsgrounds have now been connected to reuse water, which includes Colin Matheson oval with the Town exiting from a bulk water supply agreement with the Water Corporation.

The Town is also undertaking a comprehensive review of all business units to ensure maximum efficiency. This includes governance reviews for the Airport and Waste business units, analysing plant utilization and resource allocations for works and services programs, and investigating a new methodology for the allocation of administration overheads which will involve interrogation of internal staffing allocations.

- A capital works program totaling \$38.85M for investment in infrastructure, land and buildings, plant and equipment, and furniture and equipment is planned. Projects are itemized in the Capital Expenditure Program included in the Supplementary Information to the draft Budget. Major project spends include; Airport Capex (\$18.2M), Road Program (\$5.9M) including \$2.57M to upgrade Pinga Street in Wedgefield, commencement of the Waterfront Development (\$2M), refurbishment of the Civic Centre (\$4.8M), landscaping of the South Hedland Town Centre (\$1.2M) and an indicative allocation of \$500k to address foreshore erosion (Goode Street).
- Total loan principal outstanding of \$29.8M as at 30 June 2016. New loans budgeted for 15/16 include the refurbishment of the Civic Centre (\$4.8M) and the completion of the Catamore staff housing project (\$522k).
- Total operating and non-operating grant funding and external contributions of \$7.6M. Principal funding includes; Department of Planning (\$980k), Regional Road Group Funding including carryovers (\$1.2M), Roads to Recovery Funding including carryovers (\$979k), North West Festival sponsorship (\$475k), Financial Assistance Grants (\$877k). The Town did receive an advance payment of \$1.173M of its 15/16 financial assistance grants on 30 June 2015, bringing the total 15/16 allocation to \$2.05M; this compares to grants of \$2.3M in 14/15 or a reduction of 11%.

The Australian Local Government Association is conducting a national campaign to highlight the importance of Financial Assistance Grants to Australian Local Governments. The campaign aims to reverse the three year indexation freeze that was implemented in the 2014-15 Federal Budget. Freezing grants at their current level until 2017/18 will result in a permanent reduction in the FAGs base by 13%. Council is being requested to support this campaign by passing the resolution contained in the Officer's Recommendation.

- Whilst not explicitly included in the draft Budget as it is a balance sheet item only, the Town does administer the collection of the Emergency Services Levy on behalf of the Government of Western Australia. The Town has been advised of the new rates and they have all increased marginally from 2014/15:

ESL Category	ESL Rate 14/15	Minimum 14/15	ESL Rate 15/16	Minimum 15/16
1	\$0.0112	\$64	\$0.0123	\$68
2	\$0.0085	\$64	\$0.0091	\$68
3	\$0.0056	\$64	\$0.0060	\$68
4	\$0.0040	\$64	\$0.0042	\$68
5	Fixed Charge \$64		Fixed Charge \$68	
Mining Tenements	Fixed Charge \$64		Fixed Charge \$68	

Given that residential and commercial valuations have decreased significantly, ratepayers in these categories can expect a reduction in their ESL bill as average valuations have decreased by greater than the increase the rate in the dollar.

Consultation

The draft 2015/16 Budget was launched by the Town at a Chamber of Commerce and Industry after hours event on 14 July 2015. The draft Budget was subsequently advertised for public exhibition on 15 July 2015 and uploaded to the Town's website. A media release was also put out on 15 July 2015.

The draft 2015/16 Budget is driven by the Community Strategic Plan and Corporate Business Plan. The development of the Community Strategic Plan involved significant community consultation and engagement.

Extensive community consultation also occurred with respect to the following budget matters:

1. Setting of Rates

- Community Conversation Forum on 11 May 2015 (pre commencement of the statutory advertising period) where a PowerPoint presentation was provided (10 public attendees);
- Statewide public notice in the West Australian Newspaper on Wednesday 13 May 2015;
- Local public notice in the North West Telegraph on Wednesday 13 and 20 May 2015;
- Copy of Notice of Intention to Impose Differential General Rates and Statement of Objects and Reasons placed on Town website and public notice boards at the Civic Centre and Libraries;
- Town Media Release on 14 May 2014;
- Social media including Facebook;
- Direct email to 854 registered email addresses (attached to over 2000 rateable assessments) providing a copy of the Town's media release, community conversation rates presentation, Statement of Rating Objects and Reasons, and the minutes from the Special Council Meeting of 12 May 2015;
- Direct mail-out to all ratepayers in the Mass Accommodation (6 rateable assessments), Tourist Accommodation (10 rateable assessments), UV Pastoral (11 rateable assessments) and UV Other (24 rateable assessments) general rate categories;
- Targeted stakeholder forums on 26 and 28 May 2015 with the aforementioned ratepayers, resulting in a face to face meeting with the General Managers of the Esplanade Hotel and Hospitality Inn;
- Community Conversation Forum on the 3 June 2015 where a PowerPoint presentation was provided to members of the Port Hedland Chamber of Commerce with ensuing discussion on the proposed rates model and local government service delivery and asset management requirements;
- 58 public submissions received and considered by Council at the Ordinary Meeting of 24 June 2015;
- Ongoing discussions with the Department of Local Government and Communities.

2. Setting of Fees and Charges

- Public notice issued in April 2015 discussing the pricing principles which underpin the setting of fees and charges. Public submissions closed on 30 April 2015 with no formal objections received;
- A copy of the public notice was sent to every active customer in the Town's debtor database, resulting in over 800 individual mail outs.

Internal consultation has occurred between all Directorates and through briefings and workshops with elected members.

FINANCIAL and risk IMPLICATIONS

Specific financial implications are as outlined in the Detailed section of this report and as itemized in the draft 2015/16 Budget attached for adoption.

The draft Budget maintains a high level of service across all programs while ensuring an increased focus on road and associated infrastructure as well as on renewing all assets at sustainable levels.

The Town of Port Hedland is however exposed to a number of financial risks in both its Annual Budget and Long Term Financial Plan (which is underpinned by some key assumptions). Most of these risks exist in respect to recurrent revenue streams which are required to meet current service levels.

Any reduction in these revenue streams into the future is likely to have an impact on the Town's ability to meet service levels or asset renewal funding requirements, unless the Town can replace this revenue or alternatively reduce costs.

- TWA Rate Revenue (15/16 Budget) \$3,348,800;
- Precinct 3 Lease Revenue (15/16 Budget) \$3,795,258 (Lease expiry 21/06/2022);
- Port Haven Lease Revenue (15/16 Budget) \$1,072,218 (Lease expiry 19/03/2019);
- Port Haven Car Park Lease Revenue (15/16 Budget) \$203,075 (Lease expiry at end of any of the annual extended term options 19/03/2016 – 19/03/2019);
- Mia Mia Lease Revenue (15/16 Budget) \$195,982 (Lease expiry 09/12/2019);
- Mia Mia Community Contribution (15/16 Budget) \$464,844 (Lease expiry 09/12/2019);
- Interest on Investments (including all cash-backed Reserves with the exception of the BHP Reserve) allocated to Muni (14/15 forecast) \$3,005,000;
- Airport dividend to Muni (15/16 Budget) \$3,269,000 (LTFP assumes an increase in dividend from 2018/19 of \$350k and again in 2019/20 of a further \$350k);
- \$40M in sale proceeds from Kingsford Smith Business Park to be achieved by 2022/23 (with proceeds to be transferred to Airport Reserve to meet CAPEX requirements);

- \$500k FMG Contribution towards operational costs at Wanangkura Stadium;
- Sustainability Partnership being negotiated with BHPBIO;
- Closure/rehabilitation of current landfill site within ten years requiring a \$14M investment;
- \$1.5m capital funding requirement and \$1.1M recurrent funding requirement over 3 years for Scotty's Café in the event that the project proceeds without external funding.

The Town's draft 2015/16 Budget is both financially prudent and conservative and has enabled the Town to de-risk itself from a few of the items listed above, namely as follows:

- Transferring 100% of the Mia Mia community contribution into the Community Facilities Reserve (\$465k);
- Transferring 100% of interest earnings on the Spoilbank Reserve into the Asset Management Reserve (\$1M);
- Transferring 100% of plant depreciation as a cash-transfer to the Plant Replacement Reserve (\$1.24M);
- All of the above transfers funded from municipal funds effectively resulting in budget gains of \$2.7M.

STATUTORY AND POLICY IMPLICATIONS

Section 6.2 of the *Local Government Act 1995* requires that no later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt (absolute majority required), in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.

Divisions 5 and 6 of Part 6 of the *Local Government Act 1995* refer to the setting of budgets and raising of rates and charges. The *Local Government (Financial Management) Regulations 1996* details the form and content of the budget. The draft 2015/16 Budget as presented is considered to meet statutory requirements.

Section 5.63 (1) of the *Local Government Act 1995* specifically excludes the need to declare a financial interest where matters; have an interest common to a significant number of ratepayers/electors; relate to the imposition of any rate, charge or fee; relate to a fee, reimbursement of an expense or an allowance payable to elected members.

The Budget is based on the principles contained in the Community Strategic Plan and the Corporate Business Plan.

ATTACHMENTS

1. Draft 2015/16 Budget – under separate cover
2. Fees and Charges Public Notice
3. Ministerial Approval for Differential General Rates 2015/16 received on 14 August 2015 (after the publication of the Agenda for the Special Council Meeting on 13 August 2015).

31 July 2015

ATTACHMENT 2 TO AGENDA ITEM 7.1.1


Town of
Port Hedland

**Fees & Charges 2015/2016**

The Town of Port Hedland is currently undertaking a review of all non-statutory fees and charges including those for the airport, landfill and community facilities and services.

This review will include a detailed review of cost structures and usage data to guide financial principles for the future setting of fees and charges by the Town of Port Hedland. This body of work will be completed over the next few months and will be used to inform decision making.

Council is committed to capping increases in fees and charges to 3% for the 2015/16 financial year, with the exception of waste management fees. This is based on a forecast Local Government Cost Index of 2.9% for the next year.

Preliminary work completed by the Town does indicate that the cost of providing waste and landfill services has been under-recovered from fees and charges, and it is possible that some waste management fees will need to increase by more than 3% in the 2015/16 financial year. The current landfill site has significant compliance and environmental requirements and a level of funded investment is required.

The following pricing principles have been used by the Town as a guide in setting fees and charges:

Pricing Principles	Pricing Basis
1. Public Benefit – service provides a broad community benefit and therefore full cost recovery should not apply. Partial cost recovery could apply in some circumstances.	Zero to partial cost recovery
2. Private Benefit – service benefits particular users making a contribution to their individual income, welfare or profits generally without any broader benefits to the community.	Full Cost Recovery
3. Shared Benefit – service provides both community benefits and a private benefit.	Partial cost recovery
4. Regulatory – fee or charge fixed by legislation	Regulatory

Town of
Port Hedland

Application of Pricing Principles to Good & Services

Service	Principle	Basis of Cost
Rates Enquiries	Private Benefit	100%
Photocopying	Private Benefit	100%
Sale of List of Owner/Occupiers and Council Minutes	Private Benefit	100%
Dog Pound	Shared Benefit	Partial
Dog Registration	Regulatory	Regulatory
Impoundage Fees	Private Benefit	100%
Inspection Fees	Private Benefit	100%
Registration, License and Permit Fees	Regulatory	Regulatory
Caravan Parks & Camping Grounds License	Regulatory	Regulatory
Private Works	Private Benefit	100%
Rubbish Charges	Private Benefit	Partial
Landfill Charges	Private Benefit	100% (except residential users disposing of domestic waste)
Development Applications	Regulatory	Regulatory
Subdivision Applications	Regulatory	Regulatory
Cemetery Fees	Private Benefit	100%
Civic Centre	Shared Benefit	Zero to full cost recovery depending on usage
Trading in Thoroughfares and Public Places	Private Benefit	100%
Sport Association Ground Hire	Shared Benefit	Partial
Casual Ground Hire	Shared Benefit	Partial
Water Charges – Non Commercial	Shared Benefit	Partial

Town of
Port Hedland

Service	Principle	Basis of Cost
Water Charges – Commercial	Private Benefit	100%
Library	Shared Benefit	Partial
Airport	Private Benefit	100% (Except RFDS)
Paid Parking	Private Benefit	100%
Plant Hire Charges	Private Benefit	100%
Visitor Centre	Shared Benefit	Partial
Building Control	Regulatory	Regulatory
Building Control – Private Certification	Private Benefit	100%
Bonds	Private Benefit	100%
Wanangkura Stadium – Non Commercial	Shared Benefit	Partial
Wanangkura Stadium – Commercial	Private Benefit	100%
JD Hardie Youth Zone – Non Commercial	Shared Benefit	Partial
JD Hardie Youth Zone – Commercial	Private Benefit	100%
Gratwick & South Hedland Aquatic Centre	Shared Benefit	Partial
Marquee Park	Shared Benefit	Partial
Matt Dann Cultural Centre	Shared Benefit	Partial
Leasing – Commercial	Private Benefit	100%
Leasing – Community	Shared Benefit	Partial

Your feedback as an important stakeholder is valuable to the Town and we are seeking your comments on the current level of fees and charges as an end-user. Submissions can be lodged electronically to mgrfin@porthedland.wa.gov.au or alternatively can be posted addressed to the Chief Executive Officer, Town of Port Hedland, PO Box 41, Port Hedland WA 6721. The closing date for submissions is 4.00pm Thursday 30 April 2015.

ATTACHMENT 3 TO AGENDA ITEM 7.1.1



Government of Western Australia
 Department of Local Government and Communities
 Our Ref: PH5-1#03

Mr Mal Osborne
 Chief Executive Officer
 Town of Port Hedland
 PO Box 41
 PORT HEDLAND WA 6721

Attention: Peter Kocian

Dear Mr Osborne

DIFFERENTIAL GENERAL RATES 2015/16

I refer to the Town of Port Hedland's application dated 1 July 2015 requesting approval for differential general rates that are more than twice the lowest rate in the Gross Rental Value (GRV) and Unimproved Value (UV) categories.

I advise that, under delegated authority from the Minister for Local Government and in accordance with section 6.33(3) of the *Local Government Act 1995*, I have approved the Town's application to impose differential general rates as outlined in the table below.

Category of Rating	Rate in the dollar 2015/16
UV Pastoral	10.8292
UV Mining (new)	42.3693
UV Mining Exploration (new)	36.1702
UV Mining Other (new)	36.9834

Category of Rating	Rate in the dollar 2015/16
GRV Industrial	2.8978
GRV Tourist Accommodation	11.4339
GRV Mass Accommodation	26

The approval is valid for the 2015/16 financial year.

Gordon Stephenson House
 140 William Street Perth WA 6000
 GPO Box R1250 Perth WA 6844
 Tel: (08) 6551 8700 Fax: (08) 6552 1555 Freecall: 1800 620 511 (Country only)
 Email: info@dlgc.wa.gov.au Website: www.dlgc.wa.gov.au

www.dlgc.wa.gov.au

If you have any questions, please do not hesitate to contact Troy Hancock at the Department of Local Government and Communities, on 6552 1624 or by email at troy.hancock@dlgc.wa.gov.au.

Yours sincerely



Brad Jolly
EXECUTIVE DIRECTOR SECTOR REGULATION AND SUPPORT

7 August 2015

The Mayor commended staff for their efforts in preparing the 15/16 budget and reminded the public about the rates notices scheduled to be issued on 24 August 2015. The Mayor also encouraged the public to contact Town officers to find out about all the various payment options available, including the newly established direct debit method.

ITEM 8 CONFIDENTIAL ITEMS

Nil

ITEM 9 CLOSURE**9.1 Date of Next Meeting**

The next Ordinary Meeting of Council will be held on Wednesday 26 August 2015, commencing at 5:30pm, with the Public Agenda Briefing being held on Wednesday 19 August 2015, commencing at 3:30pm.

The Mayor also reminded the public that a Special Council meeting will be held on 25 August at 7:30pm to discuss the Port Hedland International Airport lease.

9.2 Closure

There being no further business, the Mayor declared the meeting closed at 6:10pm.