



**Town of Port Hedland**

**MINUTES**

**OF THE**

**AUDIT AND FINANCE COMMITTEE  
OF THE TOWN OF PORT HEDLAND COUNCIL**

**HELD ON**

**THURSDAY 8 DECEMBER 2011  
AT 1:30PM**

**IN COUNCIL CHAMBERS  
McGREGOR STREET, PORT HEDLAND**

*Natalie Octoman  
Director Corporate Services*



### **Terms of Reference**

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);
2. receive Quarterly Budget Review Reports;
3. recommend Donations as per Council's Policy;
4. periodically consider alternatives for potential staff housing options;
5. receive Quarterly Financial Reports on all of the Town of Port Hedland's Managed Community Facilities; and
6. review and suggest improvements to Risk Management within the organisation.

### *Membership:*

The membership of the committee be as follows:

- Mayor Kelly A Howlett;
- Councillor Arnold A Carter
- Councillor Michael B Dziombak
- Councillor Gloria A Jacob

### *Quorum:*

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

### *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)*



**OUR COMMITMENT**

*To enhance social, environmental and economic well-being through leadership and working in partnership with the Community.*

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*NOTE: The Chief Executive Officer is to preside at the meeting until the position of Chairperson is elected in accordance with section 5.12.1 of the Local Government Act 1995.*

*5.12. Election of presiding members and deputies*

- (1) The members of a committee are to elect a presiding member from amongst themselves in accordance with Schedule 2.3, Division 1 as if the references in that Schedule —
  - (a) to “office” were references to “office of presiding member”*
  - (b) to “council” were references to “committee”; and*
  - (c) to “councillors” were references to “committee members.”**
- (2) The members of a committee may elect a deputy presiding member from amongst themselves but any such election is to be in accordance with Schedule 2.3, Division 2 as if the references in that Schedule —
  - (a) to “office” were references to “office of deputy presiding member”*
  - (b) to “council” were references to “committee”; and*
  - (c) to “councillors” were references to “committee members”.*
  - (d) to “mayor or president” were references to “presiding member.”**

*Schedule 2.3 — When and how mayors, presidents, deputy mayors and deputy presidents are elected by the committee*

- (3) CEO to preside  
The CEO is to preside at the meeting until the office is filled.*

**ITEM 1 OPENING OF MEETING**

**1.1 Opening**

The Chief Executive Officer declared the meeting open at 1:30pm and acknowledged the traditional owners, the Kariyarra people.

**ITEM 2 RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE**

**2.1 Attendance**

Committee:

Mayor Kelly A Howlett  
Councillor Arnold A Carter  
Councillor Michael B Dziombak

Officers:

Mr Paul Martin	Chief Executive Officer
Ms Natalie Octoman	Director Corporate Services
Mr Gordon MacMile	Director Community Development
Mr Russell Dyer	Director Engineering Services
Ms Suma George	Manager Financial Services
Mr Ayden Férdeline	Administration Officer Governance

Observers:

Mr Greg Godwinn	Auditor, UHY Haines Norton (connected via teleconference)
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**2.2 Apologies**

Councillor Gloria A Jacob

**2.3 Approved Leave of Absence**

Nil

**2.4 ELECTION OF CHAIR AND DEPUTY CHAIR (File No.: ADM-035)**

**2.4.1 Election of Chairperson**

Section 5.12 and Schedule 2.3 of the *Local Government Act 1995* (Act) requires that a committee elect a chairperson.

The appointment is for a two year term, with the position being considered following every ordinary election of the Town of Port Hedland Council. Should there be more than one nomination, it will be necessary for a secret ballot to be held to elect a committee member to the position in accordance with the *Local Government Act 1995*.

Under Schedule 2.3, Part 4 of the *Local Government Act 1995*, the procedure for electing the Chairperson is as follows:-

- (1) The committee is to elect a committee member to fill the office.
- (2) The election is to be conducted by the Chief Executive Officer in accordance with the procedure prescribed.
- (3) Nominations for the office are to be given to the Chief Executive Officer in writing, before the meeting or during the meeting before the close of nominations.
- (3a) Nominations close at the meeting at a time announced by the Chief Executive Officer, which is to be a sufficient time after the announcement by the Chief Executive Officer that nominations are about to close to allow for any nominations made to be dealt with.



- (4) If a committee member is nominated by another committee member the Chief Executive Officer is not to accept the nomination unless the nominee has advised the Chief Executive Officer, orally or in writing, that he or she is willing to be nominated for the office.
- (5) The committee members are to vote on the matter by secret ballot as if they were electors voting at an election.
- (6) Subject to clause 5(1), the votes cast under subclause (5) are to be counted, and the successful candidate determined, in accordance with Schedule 4.1 (which deals with determining the result of an election) as if those votes were votes cast at an election.
- (7) As soon as is practicable after the result of the election is known, the Chief Executive Officer is to declare and give notice of the result in accordance with regulations, if any.

*Votes may be cast a second time*

- (1) If, when the votes cast under clause 4(5) are counted, there is an equality of votes between 2 or more candidates who are the only candidates in, or remaining in, the count, the count is to be discontinued and the meeting is to be adjourned for not more than 7 days.
- (2) Any nomination for the office may be withdrawn, and further nominations may be made, before or when the meeting resumes.
- (3) When the meeting resumes the committee members are to vote again on the matter by secret ballot as if they were voting at an election.
- (4) The votes cast under subclause (3) are to be counted, and the successful candidate determined, under Schedule 4.1 as if those votes were votes cast at an election.

1:31pm The Chief Executive Officer advised that one nomination for the office of Chairperson had been received:

- Cr A A Carter

There being only one nomination, the Chief Executive Officer advised that Cr A A Carter was elected to the office of the Chairperson of the Town of Port Hedland Audit and Finance Committee.

#### **2.4.2 Election of Deputy Chairperson**

Committees must also elect a committee member (other than the chairperson) to fill the office of deputy chairperson, in accordance with Section 5.12 (2) and Schedule 2.3 of the *Local Government Act 1995*. The procedure for electing the deputy chairperson is identical to that of filling the office of chairperson; however, the person responsible for the running of the election process will be the newly-appointed chairperson rather than the Chief Executive Officer.

1:32pm The Chief Executive Officer advised that one nomination for the office of Deputy Chairperson had been received:

- Cr M B Dziombak

There being only one nomination, the Chief Executive Officer advised that Cr M B Dziombak was elected to the Office of the Deputy Chairperson of the Chairperson of the Town of Port Hedland Audit and Finance Committee.

1:32pm Director Corporate Services advised the Chief Executive Officer that Cr G A Jacob submitted a request that she be nominated for the office of the Chairperson and, in the event that another member is elected as Chairperson, for the office of the Deputy Chairperson.

1:32pm In view of Director of Corporate Services statement regarding the additional nominations received by Cr Jacob, the Chief Executive Officer adjourned the meeting.

1:36pm The Chief Executive Officer resumed the meeting and advised all members present that in light of the additional nomination received by Cr Jacob, the process to elect the Chairperson and Deputy Chairperson needs to be repeated.

Mayor Kelly Howlett, Cr A A Carter and Cr M Dziombak agreed to recommence the election process.

The Chief Executive Officer called for nominations for the office of the Chairperson of the Town of Port Hedland Audit and Finance Committee. Two nominations were received:

- Cr A A Carter
- Cr G A Jacob

There being more than one nomination, the Chief Executive Officer advised that a secret ballot would be conducted.

Mayor Howlett, Cr A Carter and Cr M Dziombak placed their voting slips in the ballot box.

After counting the ballot papers, the Chief Executive Officer determined that a committee member had inadvertently placed their vote for the Deputy Chairperson in with the voting slips for the office of Chairperson. The additional vote was removed from the ballot box by the Chief Executive Officer in the presence of the Administration Officer Governance.

After re-counting the ballot papers, the Chief Executive Officer advised that the following votes were received:

- Cr A A Carter – three votes

Cr A A Carter was unanimously elected to the office of the Chairperson of the Town of Port Hedland Audit and Finance Committee.

1:38pm Cr A A Carter assumed the chair.

The Chairperson called for nominations for the office of the Deputy Chairperson of the Town of Port Hedland Audit and Finance Committee. Two nominations were received:

- Cr M B Dziombak
- Cr G A Jacob

There being more than one nomination, the Chairperson advised that a secret ballot would be conducted.

Mayor Howlett, Cr A Carter and Cr M Dziombak placed their voting slips in the ballot box.

After counting the ballot papers, the Chief Executive Officer advised that the following votes were received:

- Cr M B Dziombak – three votes

The Chairperson advised that Cr M B Dziombak was unanimously elected to the office of the Deputy Chairperson of the Town of Port Hedland Audit and Finance Committee.

**ITEM 3 RESPONSE TO PREVIOUS QUESTIONS - ON NOTICE**

Nil

**ITEM 4 PUBLIC TIME**

1:38pm The Chairperson opened Public Question Time.

**4.1 Public Question Time**

Nil

1:38pm The Chairperson closed Public Question Time.

**4.2 Public Statement Time**

1:39pm The Chairperson closed Public Statement Time.

Nil

1:39pm The Chairperson closed Public Statement Time.

**ITEM 5 QUESTIONS FROM MEMBERS WITHOUT NOTICE**

**5.1 Mayor K A Howlett**

*Can we consider reinstalling speed bumps along Boronia Close outside of Cassia Primary School and the Rose Nowers Early Learning Centre? Perhaps we could look into some budget amendments to fund this.*

The Chairperson advised that this question will be taken on notice.

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

Mayor K A Howlett	Cr A A Carter
Cr M B Dziombak	

**ITEM 7 CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**7.1 Confirmation of Minutes of Audit and Finance Committee of Council held on Tuesday 20 June 2011.**

**AFC201112/001 Audit and Finance Committee Decision**

**Moved: Mayor K A Howlett      Seconded: Cr M B Dziombak**

**That the Minutes of the Audit and Finance Committee Meeting of the Town of Port Hedland Council held on Tuesday 20 June 2011 be confirmed as a true and correct record of proceedings with the following changes on page 5:**

**“Confirmation of Minutes of Audit and Finance Committee of Council held on ~~Wednesday 25 May 2011~~ **Tuesday 24 May 2011**”**

**AFC201011/17      Officer’s Recommendation /  
Audit and Finance Committee Decision**

**Moved: Cr KA Howlett      Seconded: Cr M Dziombak**

**That the Minutes of the Audit and Finance Committee Meeting of Council held on ~~Wednesday 25 May 2011~~ **Tuesday 24 May 2011** be confirmed as a true and correct record of proceedings.**

***CARRIED 4/0”***

***CARRIED 3/0***

**ITEM 8 ANNOUNCEMENTS BY CHAIRPERSON WITHOUT DISCUSSION**

Nil

**ITEM 9 PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS**

Nil

**ITEM 10 REPORTS OF OFFICERS**

**10.1 PLANNING AND DEVELOPMENT**

**10.1.1 Economic and Land Development**

**10.1.1.1 *Port Hedland Visitor Centre Quarterly review: July – September 2011 (File No.: 05/09/0017)***

**Officer** **Brie Holland  
Economic and Land  
Development Officer**

**Date of Report** **23 November 2011**

**Disclosure of Interest by Officer** **Nil**

**Summary**

For the Committee to review the following report for the quarter: July – September 2011 of the Port Hedland Visitor Centre (PHVC).

**Background**

In order to ensure the effective financial management practices of the PHVC, Section 5.1 of the PHVC Tender 09/27 contract states that:

*'The successful contractor will be required to provide a monthly report by the 13th day of each calendar month, and should include the following;*

- *income and expenditure;*
- *reasons for significant variations between budgeted income and/ or expenditure;*
- *outstanding creditor & debtor information;*
- *patronage;*
- *consumer trend analysis*
- *complaints and resolutions*
- *safety issues*
- *preventative maintenance*
- *recommended capital works*
- *marketing initiatives*
- *special programs/activities; and*
- *continuous improvement initiatives.'*

This report and subsequent attachments endeavor to provide the Committee with information to satisfy the requirements listed in Section 5.1 of the PHVC tender contract.

**Consultation**

The quarterly review was prepared by the Economic and Land Development Unit after meeting with GM Services. The contractual obligations including Revenue and Expenditure Reports, by means of the Profit and Loss Statements, were reviewed in detail and summarised in this report.

**Statutory Implications**

Nil

**Policy Implications**

Nil

**Strategic Planning Implications**

Nil

**Tender Variation Implications**

Nil

**Budget Implications**

Nil

**Officer's Comment**

Council accepted the tender for the management of the PHVC from GM Services at its Special Meeting held on 21 December 2009 (Council Decision 200910/211). Since the commencement of Tender 09/27 in January 2010, GM Services have adhered to all obligations in their contract, including forwarding all monthly and audited annual reports as required. GM Services also meets on a regular basis, once a fortnight, with an officer from the Economic and Land Development unit to discuss any issues which arise in relation to their management operations at the PHVC.

The revenue and expenditure figures are reflected in the attached Profit and Loss Statements and the outstanding creditors and debtor figures are reflected in the attached Accounts Payable and Receivable Reconciliation Summary Statements on a per month basis. A summary of the quarterly report for the period as per contractual requirement of July – September 2011 is listed on the following page:

<b>QUARTERLY SUMMARY JULY - SEPTEMBER 2011</b>			
	<b>July</b>	<b>August</b>	<b>September</b>
Gross Profit (income) * includes management fee/ \$12,500 per month	\$ 34,278.00	\$ 44,519.00	\$ 35,871.00
Total Expenditure	\$ 31,934.00	\$ 28,447.00	\$ 24,139.00
<b>Net Profit/ (Loss)</b>	<b>\$ 2,344.00</b>	<b>\$ 16,072.00</b>	<b>\$ 11,732.00</b>
Reasons for significant variations between budgeted income and/ or expenditure	High staff wages due to economic climate of the Town.	High staff wages due to economic climate of the Town.	High staff wages due to economic climate of the Town.
Monthly Outstanding Creditors	\$ 9,442.00	\$ 10,065.00	\$ 32.00
<b>Total Outstanding Creditors</b>	<b>\$ 23,356.00</b>	<b>\$ 26,696.00</b>	<b>\$ 16,590.00</b>
Monthly Outstanding Debtors	\$ 468.00	\$ 676.00	\$ 338.00
<b>Total Outstanding Debtors</b>	<b>\$ 2,028.00</b>	<b>\$ 2,236.00</b>	<b>\$ 676.00</b>
Patronage (3 year comparison)			
2011	7,314	7,413	5,080
2010	8,691	6,790	5,046
2009	7,398	7,385	6,490
Customer Trend Analysis	Compared to 2010, visitor numbers down by 1,300: probably due to a lack of tourist accommodation and facilities for water and waste for caravaners. Numbers are similar to 2009.	Compared to 2010, visitor numbers are up by 623. Similar numbers to 2009.	Compared to 2010, visitor numbers are marginally up on 2010, although down compared to 2009.
Complaints	None	None	None
Resolutions	None	None	None
Safety issues	1. Request for an Engineer's report on the observation Tower for safety and insurance/ liability issues. Waiting on report to be funded by the ToPH.	1. Waiting to hear if report has been funded.	1. Waiting to hear if report has been funded.



Preventative maintenance	<ol style="list-style-type: none"> <li>1. Request to revive Gardens at the front of the centre.</li> </ol>		<ol style="list-style-type: none"> <li>1. reticulation system check;</li> <li>2. check on the pipes outside showers and toilets – potentially blocked by plant growth. and</li> <li>3. Leak at the mains water tap between the Tower and Glass Lane.</li> </ol>
Recommended capital works	<ol style="list-style-type: none"> <li>1. Recommend capital works for the backyard.</li> <li>2. Gardens in rear of centre, submitting quotation with Scott Davies Landscaping.</li> </ol>		
<b>Marketing initiatives</b>			
Special programs/activities	<ol style="list-style-type: none"> <li>1. Radio advertising Red Wave Media, Local Mix FM &amp; AM campaign for 1st half 2011 until 30 June 2011 and continued into 2nd half of 2011;</li> <li>2. Advertising all tours and Industrial town tour and staff inductions;</li> <li>3. Limited stock for the season due to lack of funds after a strong numbers into centre for information only with little spending and increased staffing levels.</li> </ol>	Please see July report.	Please see July report.
Continuous improvement initiatives	<ol style="list-style-type: none"> <li>1. Cruise Ship arrival 28 October 2011 and March 2012. PHVC attends Cruise Ship Committee Meetings in conjunction with TOPH monthly and key stakeholders. Unfortunately BHP Billiton dealing direct with cruise ship and PHVC not involved directly with any tours. BHP offering tours at no cost to cruise ship.</li> <li>2. Make Hedland Home Peter Wood resigned as Chair of Make Hedland Home Working Group. Reimbursement funding has been denied by council to Make Hedland home for reimbursement to PHVC for out of pocket expenses for 2010 and 2011. Calendar of meetings set for 2011: 3rd Tues every month, alternating Port &amp; South Hedland.</li> </ol>	<ol style="list-style-type: none"> <li>1. Cruise Ship arrival 28 October 2011 and March 2012. PHVC attends Cruise Ship Committee Meetings in conjunction with TOPH monthly and key stakeholders;</li> <li>2. Waiting to hear from Make Hedland Home Committee re what, if any commitment they would like from PHVC moving forward towards Welcome To Hedland Bi Monthly BBQs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Cruise Ship arrival 28 October 2011 and March 2012. PHVC attends Cruise Ship Committee Meetings in conjunction with TOPH monthly and key stakeholders;</li> <li>2. Still waiting to hear from Make Hedland Home Committee.</li> </ol>

Funding initiatives	<ol style="list-style-type: none"><li>1. FMG looking at renovating theatrette to host school both local and regional in conjunction with a tour, funding date TBA;</li><li>2. BHPBIO application forwarded for grant. Confirmation letter received answer to funding in 2-4 weeks;</li><li>3. Form Small Wins funding-applied for May 2011 and still waiting on response to initial request.</li></ol>	<ol style="list-style-type: none"><li>1. FMG confirmed renovating theatrette, funding date TBA;</li><li>2. TOPH now liaising directly with BHP, on behalf of the PHVC re funding as equipment given will remain in the ownership of TOPH.</li></ol>	<ol style="list-style-type: none"><li>1. FMG confirmed renovating theatrette, funding date TBA;</li><li>2. TOPH now liaising directly with BHP, on behalf of the PHVC re funding as equipment given will remain in the ownership of TOPH.</li></ol>
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Please note that the final summary point in the table titled, '*Funding initiatives*' was not a requirement of GM Services in their Tender contract. GM Services have approached certain businesses in the area for funding, particularly in relation to upgrading the Visitor Centre itself. Please note that once and if the funding is confirmed the assets will remain with the PHVC, even in the event of a change of management.

**Attachments**

1. Profit and Loss Statement July 2011
2. Payables Reconciliation Summary July 2011
3. Receivables Reconciliation Summary July 2011
4. Profit and Loss Statement August 2011
5. Payables Reconciliation Summary August 2011
6. Receivables Reconciliation Summary August 2011
7. Profit and Loss Statement September 2011
8. Payables Reconciliation Summary September 2011
9. Receivables Reconciliation Summary September 2011

**AFC201112/002 Officer's Recommendation / Audit and Finance Committee Decision**

**Moved: Mayor K A Howlett      Seconded: Cr M B Dziombak**

**That the Audit and Finance Committee receives the quarterly review report of the Port Hedland Visitors Centre: July – September 2011.**

***CARRIED 3/0***

**GM SERVICES TOURISM T/as  
PORT HEDLAND VISITORS CENTRE****Profit & Loss Statement**

for month ended 30 July 2011

	2011	2010
Income		
Managment Fees Income	12,500	15,000
Spa Sales (Consignment)		
BHP Tour Vouchers	425	
Donations		
Commissions		
Refunds		
Other Income	59	
Sales	30,876	46,393
Total Income	43,860	61,393
Cost of Sales		
Opening Stock (estimate)	44,000	18,000
Purchases:		
Maps & Books	1,569	2,403
Prints & Photos		341
Misc Souvenirs	1,915	3,373
Jewellery		2,809
Clothing & Swimwear		
Beauty Products		421
Post cards		
Sunglasses	373	1,354
Calm Passes	39	
Bus Ticket sales	5,686	6,983
PHVC BHP Tours		1,200
Airline Tickets		
Food Products		
Icecreams, Soft-drinks, Snacks		
Consignment payments		
Spas		
Other		874
Freight		
Discounts Received		
Total Cost of Sales	53,582	37,758
Less: Closing Stock	( 44,000)	( 18,000)
Net Cost of Sales	9,582	19,758
Gross Profit	34,278	41,635
Expenses		
Advertising & Promotions		549
Audit Fees		
Bank fees and Charges	196	151
Cleaning & Rubbish Removal		482
Donations		
Dues & Subscriptions		682
Electricity		
General & administrative		

**MINUTES: AUDIT AND FINANCE COMMITTEE MEETING 8 DECEMBER 2011**

Insurance		
Internet	99	212
Maintenance - Copier		
Maintenance - General		
Management Consulting	2,929	
Motor Vehicle Expenses		373
Office supplies	99	225
Permits & Licences		
Petty Cash		
Plant & Equip under \$300		
Postage & Shipping	104	109
Promotional Events		
Replacements		
Staff Amenities	61	55
Sundry Expenses		
Telephone		1,493
Training & Seminars		82
Uniforms	45	208
Employment expenses:		
Wages & Salaries	21,700	25,778
Other Employment Expenses	2,500	
Contract Wages	2,282	4,656
Superannuation	1,919	2,320
Medical Expenses		
Water		
Web site		517
Workers Compensation		
Total Expenses	<u>31,934</u>	<u>37,892</u>
Net Profit / (Loss)	<u>2,344</u>	<u>3,743</u>

**GM Services Tourism T/as**

Port Hedland Visitors Centre  
13 Wedge Street  
Port Hedland WA 6721

**Payables Reconciliation [Summary]**

**31/07/2011**

16/08/2011  
8:47:33 PM

Page 1

Name	Total Due	Jul	Jun	May	Pre-May
ABC Maps	\$1,398.90	\$1,376.70	\$22.20	\$0.00	\$0.00
Australia Post	\$2.32	\$0.00	\$2.32	\$0.00	\$0.00
Black Ice	\$673.87	\$0.00	\$673.87	\$0.00	\$0.00
Collins Distributors	\$1,514.48	\$0.00	\$1,514.48	\$0.00	\$0.00
Cool Clear Water	\$60.50	\$60.50	\$0.00	\$0.00	\$0.00
Courthouse Collection	\$548.00	\$0.00	\$548.00	\$0.00	\$0.00
Dept of Environment and Cons	\$182.97	\$39.00	\$0.00	\$0.00	\$143.97
Dormar Indents	\$1,159.20	\$1,159.20	\$0.00	\$0.00	\$0.00
Elders Insurance	\$752.20	\$0.00	\$0.00	\$0.00	\$752.20
Greyhound Australia	\$9,401.49	\$6,255.15	\$3,146.34	\$0.00	\$0.00
Hedland Emporium	-\$162.10	-\$260.85	\$98.75	\$0.00	\$0.00
Hidden Valley Handcrafts	\$283.25	\$0.00	\$283.25	\$0.00	\$0.00
Hive Swimwear	\$260.00	\$0.00	\$260.00	\$0.00	\$0.00
House of Sharday	\$374.93	\$0.00	\$374.93	\$0.00	\$0.00
Imagine Multimedia	\$392.70	\$0.00	\$392.70	\$0.00	\$0.00
Integrity Coach Lines	\$1,663.45	\$0.00	\$1,663.45	\$0.00	\$0.00
J Carbines - Healing Colours	\$238.00	\$0.00	\$238.00	\$0.00	\$0.00
Magabala Books	\$189.73	\$0.00	\$189.73	\$0.00	\$0.00
Panorama Australia	\$349.25	\$349.25	\$0.00	\$0.00	\$0.00
Pilbara Photographics	\$200.00	\$0.00	\$0.00	\$0.00	\$200.00
Red Wave Media	\$583.00	\$0.00	\$583.00	\$0.00	\$0.00
Visitor Centre Assoc. of WA	\$750.00	\$0.00	\$0.00	\$750.00	\$0.00
WA Naturally Publications	\$39.00	\$0.00	\$39.00	\$0.00	\$0.00
Water Corp WA	\$2,037.30	\$0.00	\$0.00	\$0.00	\$2,037.30
Zimble Pty Ltd	\$463.43	\$463.43	\$0.00	\$0.00	\$0.00
<b>Total:</b>	<b>\$23,355.87</b>	<b>\$9,442.38</b>	<b>\$10,030.02</b>	<b>\$750.00</b>	<b>\$3,133.47</b>
<b>Ageing Percent:</b>		<b>40.4%</b>	<b>42.9%</b>	<b>3.2%</b>	<b>13.4%</b>
Payables Account:	\$23,355.87				
Out of Balance Amount:	\$0.00				

**GM Services Tourism T/as**

Port Hedland Visitors Centre  
13 Wedge Street  
Port Hedland WA 6721

**Receivables Reconciliation [Summary]**

**31/07/2011**

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<b>Name</b>	<b>Total Due</b>	<b>Jul</b>	<b>Jun</b>	<b>May</b>	<b>Pre-May</b>
BHP Billiton Iron Ore	\$468.00	\$468.00	\$0.00	\$0.00	\$0.00
Norsat Communications	\$660.00	\$0.00	\$0.00	\$660.00	\$0.00
North West Telegraph	\$150.00	\$0.00	\$0.00	\$0.00	\$150.00
Port Hedland Medical Centre	\$750.00	\$0.00	\$0.00	\$0.00	\$750.00
Total:	\$2,028.00	\$468.00	\$0.00	\$660.00	\$900.00
Ageing Percent:		23.1%	0.0%	32.5%	44.4%
Receivables Account:	\$2,028.00				
Out of Balance Amount:	\$0.00				

**GM SERVICES TOURISM T/as  
PORT HEDLAND VISITORS CENTRE****Profit & Loss Statement**

for month ended 31 August 2011

	2011	2010
Income		
Management Fees Income	12,500	15,000
Spa Sales (Consignment)		
BHP Tour Vouchers	307	
Memberships		1,000
Donations		
Commissions		
Refunds		
Other Income		1,619
Sales	34,557	31,172
Total Income	47,364	48,791
Cost of Sales		
Opening Stock (estimate)	44,000	18,000
Purchases:		
Maps & Books	137	657
Prints & Photos		
Misc Souvenirs	255	1,629
Jewellery	1,063	
Clothing & Swimwear		
Beauty Products		
Post cards		
Sunglasses		
Calm Passes	1,390	
Bus Ticket sales		
PHVC BHP Tours		
Airline Tickets		
Food Products		782
Icecreams, Soft-drinks, Snacks		
Consignment payments		
Spas		
Other		245
Freight		
Discounts Received		
Total Cost of Sales	46,845	21,313
Less: Closing Stock	( 44,000)	( 18,000)
Net Cost of Sales	2,845	3,313
Gross Profit	44,519	45,478
Expenses		
Advertising & Promotions	210	2,369
Audit Fees		
Bank fees and Charges	230	238
Cleaning & Rubbish Removal		
Donations		
Dues & Subscriptions		647



**MINUTES: AUDIT AND FINANCE COMMITTEE MEETING 8 DECEMBER 2011**

Electricity	1,226	947
General & administrative		
Insurance		
Internet	123	
Licences, Fees & Permits	259	
Maintenance - Copier		
Maintenance - General	425	
Management Consulting		
Motor Vehicle Expenses		92
Office supplies	35	79
Permits & Licences		
Petty Cash		
Plant & Equip under \$300		
Postage & Shipping		356
Promotional Events		
Replacements	32	
Staff Amenities	61	
Sundry Expenses		
Telephone	832	
Training & Seminars		
Uniforms		
Employment expenses:		
Wages & Salaries	18,183	20,858
Other Employment Expenses	2,000	
Contract Wages	2,320	6,485
Superannuation	1,608	1,877
Medical Expenses		
Entertainment	395	
Water	508	
Web site		
Workers Compensation		
Total Expenses	<u>28,447</u>	<u>33,948</u>
Net Profit / (Loss)	<u>6,072</u>	<u>11,530</u>

**GM Services Tourism T/as**

Port Hedland Visitors Centre  
13 Wedge Street  
Port Hedland WA 6721

**Aged Payables [Summary]**

31/08/2011

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Name	Total Due	Aug	Jul	Jun	Pre-Jun
ABC Maps	\$1,421.10	\$22.20	\$1,376.70	\$22.20	\$0.00
Black Ice	\$673.87	\$0.00	\$0.00	\$673.87	\$0.00
Hugh Brown	-\$1,352.00	\$0.00	\$0.00	\$0.00	-\$1,352.00
Commander	\$109.27	\$109.27	\$0.00	\$0.00	\$0.00
Cool Clear Water	\$181.50	\$121.00	\$60.50	\$0.00	\$0.00
Courthouse Collection	\$93.00	\$93.00	\$0.00	\$0.00	\$0.00
Dept of Environment and C	\$1,568.77	\$1,529.77	\$39.00	\$0.00	\$0.00
Dormar Indents	\$1,141.33	\$0.00	\$1,141.33	\$0.00	\$0.00
Earthmoving Maintenance	\$467.38	\$467.38	\$0.00	\$0.00	\$0.00
Elders Insurance	\$376.10	\$0.00	\$0.00	\$0.00	\$376.10
Goldline Distributors	\$431.05	\$0.00	\$431.05	\$0.00	\$0.00
Greyhound Australia	\$12,350.20	\$6,095.05	\$6,255.15	\$0.00	\$0.00
Hedland Emporium	-\$162.10	\$0.00	-\$162.10	\$0.00	\$0.00
Hidden Valley Handcrafts	\$283.25	\$0.00	\$0.00	\$283.25	\$0.00
House of Sharday	\$374.93	\$0.00	\$0.00	\$374.93	\$0.00
Imagine Multimedia	-\$135.30	\$0.00	\$0.00	-\$135.30	\$0.00
Integrity Coach Lines	\$680.00	\$542.30	\$137.70	\$0.00	\$0.00
Anthony B Loveridge	\$973.00	\$0.00	\$973.00	\$0.00	\$0.00
Northcoast Rural Improve	-\$300.00	\$0.00	\$0.00	\$0.00	-\$300.00
Oz Images Australia	\$82.50	\$82.50	\$0.00	\$0.00	\$0.00
Panorama Australia	\$349.25	\$0.00	\$349.25	\$0.00	\$0.00
Pilbara Photographics	\$200.00	\$0.00	\$0.00	\$0.00	\$200.00
Progressive Supplies	\$347.48	\$0.00	\$347.48	\$0.00	\$0.00
Red Wave Media	\$594.00	\$0.00	\$594.00	\$0.00	\$0.00
Sign West	\$231.00	\$231.00	\$0.00	\$0.00	\$0.00
The Mangrove Range	\$198.00	\$198.00	\$0.00	\$0.00	\$0.00
Vanessa Australia	-\$62.22	-\$62.22	\$0.00	\$0.00	\$0.00
WA Naturally Publications	\$39.00	\$0.00	\$0.00	\$39.00	\$0.00
Wajon Publishing Coy	\$128.00	\$128.00	\$0.00	\$0.00	\$0.00
Water Corp WA	\$4,529.40	\$508.00	\$1,984.10	\$0.00	\$2,037.30
Wild Planet	\$1,697.36	\$0.00	\$1,697.36	\$0.00	\$0.00
Zimble Pty Ltd	-\$812.68	\$0.00	\$0.00	\$0.00	-\$812.68
<b>Total:</b>	<b>\$26,696.44</b>	<b>\$10,065.25</b>	<b>\$15,224.52</b>	<b>\$1,257.95</b>	<b>\$148.72</b>
<b>Ageing Percent:</b>		<b>37.7%</b>	<b>57.0%</b>	<b>4.7%</b>	<b>0.6%</b>

**GM Services Tourism T/as**

Port Hedland Visitors Centre  
13 Wedge Street  
Port Hedland WA 6721

**Aged Receivables [Summary]**

**31/08/2011**

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<b>Name</b>	<b>Total Due</b>	<b>Aug</b>	<b>Jul</b>	<b>Jun</b>	<b>Pre-Jun</b>
BHP Billiton Iron Ore	\$676.00	\$676.00	\$0.00	\$0.00	\$0.00
Norsat Communications	\$660.00	\$0.00	\$0.00	\$0.00	\$660.00
North West Telegraph	\$150.00	\$0.00	\$0.00	\$0.00	\$150.00
Port Hedland Medical Cent	\$750.00	\$0.00	\$0.00	\$0.00	\$750.00
Total:	\$2,236.00	\$676.00	\$0.00	\$0.00	\$1,560.00
Ageing Percent:		30.2%	0.0%	0.0%	69.8%

**GM SERVICES TOURISM T/as  
PORT HEDLAND VISITORS CENTRE****Profit & Loss Statement**

for month ended 30 September 2011

	2011	2010
Income		
Management Fees Income	12,500	15,000
Spa Sales (Consignment)		
BHP Tour Vouchers	307	
Memberships	1,091	2,364
Donations		
Commissions		
Refunds		
Other Income		
Sales	24,456	38,144
Total Income	38,354	55,508
Cost of Sales		
Opening Stock (estimate)	44,000	18,000
Purchases:		
Maps & Books		1,846
Prints & Photos		1,620
Misc Souvenirs	549	7,528
Jewellery		893
Clothing & Swimwear	441	
Beauty Products		
Post cards		
Sunglasses		704
Calm Passes		
Bus Ticket sales	( 26)	9,362
PHVC BHP Tours	1,520	7,082
Airline Tickets		
Food Products		782
Icecreams, Soft-drinks, Snacks		1,433
Consignment payments		
Spas		
Other		
Freight		1,501
Discounts Received		
Total Cost of Sales	46,484	50,752
Less: Closing Stock	( 44,000)	( 18,000)
Net Cost of Sales	2,484	32,752
Gross Profit	35,871	22,756
Expenses		
Advertising & Promotions	82	770
Audit Fees		
Bank fees and Charges	194	206
Cleaning & Rubbish Removal		
Donations		
Dues & Subscriptions		39
Electricity		982
General & administrative		

**MINUTES: AUDIT AND FINANCE COMMITTEE MEETING 8 DECEMBER 2011**

Insurance		3,427
Internet	100	100
Licences, Fees & Permits		
Maintenance - Copier		
Maintenance - General		559
Management Consulting		3,000
Motor Vehicle Expenses		
Office supplies		854
Permits & Licences		
Petty Cash		
Plant & Equip under \$300		
Postage & Shipping		343
Promotional Events		
Replacements		559
Staff Amenities	61	371
Sundry Expenses		181
Telephone	1,707	173
Training & Seminars	182	404
Uniforms		482
Employment expenses:		
Wages & Salaries	14,948	20,920
Other Employment Expenses	2,300	
Contract Wages	2,820	5,280
Superannuation	1,337	1,838
Medical Expenses		
Entertainment & Travel	408	
Water		462
Web site		2,643
Workers Compensation		
Total Expenses	24,139	43,592
Net Profit / (Loss)	11,732	( 20,836)

**GM Services Tourism T/as**  
 Port Hedland Visitors Centre  
 13 Wedge Street  
 Port Hedland WA 6721

**Payables Reconciliation [Summary]**

**30/09/2011**

6/11/2011  
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Name	Total Due	Sep	Aug	Jul	Pre-Jul
Black Ice	\$673.87	\$0.00	\$0.00	\$0.00	\$673.87
Hugh Brown	-\$1,352.00	\$0.00	\$0.00	\$0.00	-\$1,352.00
Cool Clear Water	\$181.50	\$60.50	\$60.50	\$60.50	\$0.00
Courthouse Collection	\$93.00	\$0.00	\$93.00	\$0.00	\$0.00
Dept of Environment and Cons	\$1,529.77	\$0.00	\$1,529.77	\$0.00	\$0.00
Earthmoving Maintenance Sol	\$467.38	\$0.00	\$467.38	\$0.00	\$0.00
Greyhound Australia	\$6,255.15	\$0.00	\$0.00	\$6,255.15	\$0.00
Hedland Emporium	-\$162.10	\$0.00	\$0.00	-\$162.10	\$0.00
Hidden Valley Handcrafts	\$283.25	\$0.00	\$0.00	\$0.00	\$283.25
House of Sharday	\$374.93	\$0.00	\$0.00	\$0.00	\$374.93
Integrity Coach Lines	\$651.10	-\$28.90	\$542.30	\$0.00	\$137.70
Anthony B Loveridge	\$973.00	\$0.00	\$0.00	\$973.00	\$0.00
Northcoast Rural Improvement	-\$300.00	\$0.00	\$0.00	\$0.00	-\$300.00
Oz Images Australia	\$82.50	\$0.00	\$82.50	\$0.00	\$0.00
Panorama Australia	\$349.25	\$0.00	\$0.00	\$349.25	\$0.00
Progressive Supplies	\$347.48	\$0.00	\$0.00	\$347.48	\$0.00
Red Wave Media	\$594.00	\$0.00	\$0.00	\$594.00	\$0.00
Sign West	\$231.00	\$0.00	\$231.00	\$0.00	\$0.00
The Mangrove Range	\$198.00	\$0.00	\$198.00	\$0.00	\$0.00
Vanessa Australia	-\$62.22	\$0.00	-\$62.22	\$0.00	\$0.00
WA Naturally Publications	\$39.00	\$0.00	\$0.00	\$0.00	\$39.00
Wajon Publishing Coy	\$128.00	\$0.00	\$128.00	\$0.00	\$0.00
Water Corp WA	\$4,129.40	\$0.00	\$508.00	\$1,984.10	\$1,637.30
Wild Planet	\$1,697.36	\$0.00	\$0.00	\$1,697.36	\$0.00
Zimbler Pty Ltd	-\$812.68	\$0.00	\$0.00	\$0.00	-\$812.68
<b>Total:</b>	<b>\$16,589.94</b>	<b>\$31.60</b>	<b>\$3,778.23</b>	<b>\$12,098.74</b>	<b>\$681.37</b>
<b>Ageing Percent:</b>		<b>0.2%</b>	<b>22.8%</b>	<b>72.9%</b>	<b>4.1%</b>
Payables Account:	\$16,589.94				
Out of Balance Amount:	\$0.00				

**GM Services Tourism T/as**  
Port Hedland Visitors Centre  
13 Wedge Street  
Port Hedland WA 6721

**Receivables Reconciliation [Summary]**

**30/09/2011**

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Name	Total Due	Sep	Aug	Jul	Pre-Jul
BHP Billiton Iron Ore	\$676.00	\$338.00	\$338.00	\$0.00	\$0.00
Total:	\$676.00	\$338.00	\$338.00	\$0.00	\$0.00
Ageing Percent:		50.0%	50.0%	0.0%	0.0%
Receivables Account:	\$676.00				
Out of Balance Amount:	\$0.00				

**10.2 COMMUNITY DEVELOPMENT**

**10.2.1 *South Hedland Aquatic and Gratwick Aquatic Centre's Quarterly Review: July – September 2011 (File No.:26/13/0006)***

<b>Officer</b>	<b>Gordon MacMile Director Community Development</b>
<b>Date of Report</b>	<b>23 November 2011</b>
<b>Disclosure of Interest by Officer</b>	<b>Nil</b>

**Summary**

For the Audit and Finance Committee to review the following report for the quarter: July – September 2011 of the South Hedland Aquatic Centre and Gratwick Aquatic Centre.

**Background**

The contract for the management of the South Hedland Aquatic and Gratwick Aquatic Centre's was agreed between the Town of Port Hedland and the YMCA for the period 1 July 2011 to 30 June 2012.

Under the terms of the contract management agreement the YMCA must provide Council with reports concerning the operation of the Aquatic Centre's including the following:

- Income and expenditure statements for each of the Aquatic Centres
- A statement of variations between the budgets and the actual results achieved for the year to date with explanations of variances
- A statement of the capital expenditure items and maintenance
- A statement of marketing expenses, programmes and initiatives for the Aquatic Centres
- A report on incidences in the Aquatic Centres for the relevant period for which claims are or may be made against the Town or the YMCA
- Advice on prevailing market conditions and the settling of fees and charges
- Customer feedback received for the Aquatic Centres
- Any negligent damage caused to the Aquatic Centres or the assets of the Aquatic Centres.

This report and subsequent attachments endeavor to provide the Committee with information to satisfy the requirements listed in Section 5.8 of the YMCA contract.



### **Consultation**

The contractual obligations including Revenue and Expenditure Reports, by the means of Profit and Loss Statements, are included as attachments to this report.

### **Statutory Implications**

Nil

### **Policy Implications**

Nil

### **Strategic Planning Implications**

Key Result Area 3:           Community Development  
Operate a range of programs and initiatives that promote an active, integrated community.

### **Budget Implications**

Council's 2011/12 budget contains an allowance of \$273,365 for the South Hedland Aquatic Centre and \$485,047 for the Gratwick Aquatic Centre payable by equal monthly installments.

### **Officer's Comment**

Under the terms of the contract management the YMCA agrees to:

- Supervise and manage the Aquatic Centres in accordance with the Contract and within the agreed budget parameters
- Be fully responsible for the appointment, supervision, training and remuneration of staff for the Aquatic Centres
- Employ staff who have appropriate educational qualifications and experience to effectively carry out the functions as assigned to them
- Implement and operate all programmes approved by the Town in writing, unless otherwise agreed by the Town
- Establish, market and promote special events and programmes to be held at the Aquatic Centres
- Provide marketing and promotional services and activities for the Aquatic Centres in accordance with the Management Plan.
- Provide supervised access to the Aquatic Centres by the general public for at least the minimum hours specified
- Ensure that supervision of patrons complies with industry guidelines, standards and best practice
- Implement and comply with the budgets for the Aquatic Centres
- Effect and maintain with reputable insurers
- Maintain the Aquatic Centres in a hygienic, clean and litter free state at all times

- Operate under a schedule of cleaning that ensures regular checks each day of all amenities and includes periods of cleaning activity that will have minimal disruption to the provision of service to patrons
- Ensure that the Aquatic Centres and all fixtures, fittings, plant and equipment within the Aquatic Centres are serviced and maintained
- Provide and maintain, so far as is practicable, a working environment for its employees and members of the public that is safe and without risk to health
- Provide an efficient, responsive and friendly customer service

**Attachments**

1. South Hedland Aquatic Centre Quarterly Report
2. Gratwick Aquatic Centre Quarterly Report

**AFC201112/003 Officer's Recommendation / Audit and Finance Committee Decision**

**Moved: Cr M B Dziombak**

**Seconded: Mayor K A Howlett**

**That the Audit and Finance Committee receives the quarterly report for the period of July to September 2011 for the South Hedland Aquatic Centre and Gratwick Aquatic Centre.**

***CARRIED 3/0***



South Hedland Aquatic  
Centre

QUARTERLY  
REPORT

**July – September 2011**

**COMMENT**

In readiness for the upcoming season Management and Staff have been extremely busy preparing the centre for the October 1<sup>st</sup> opening. It took over one million litres of water to prepare the main pool alone for initial start up due to evaporation and leaking during the closed period therefore utilities expenses will be higher for the first quarter than anticipated.

All preseason preventative and scheduled maintenance tasks have been completed.

The construction works surrounding the centre have been disruptive to the preparation and cleaning of the pool and facility change-rooms. This has resulted in an increased requirement for staff hours and repetitive cleaning.

A temporary access path from the car-park to the main entrance has been installed.

**FINANCIAL PERFORMANCE**

Expenses for the 1<sup>st</sup> quarter of 2011 were below budget by **\$7,891** resulting in a net performance for the first quarter of **-\$105,192** compared to a budget of **-\$113,083**. The net variation for the quarter was **-\$7,291**.

**Financial Year to Date**

YTD	Actual	Budget	Variance
Income	\$0	\$0	\$0
Expenditure	\$105,192	\$113,083	\$7,891
Net	<b>(\$105,192)</b>	<b>(\$113,083)</b>	<b>\$7,891</b>

**Summary of variations**

- Duty Management expenditure is over budget by \$4,057 (31.6%) due to additional cleaning and maintenance hours required to prepare the Centre for opening.
- Operations expenditure is under budget by \$12,745 (23.9%) due to delays in facility maintenance.
- Marketing expense is \$456 (91.2%) under budget, increased use of electronic communication and radio adverts.

**SOUTH HEDLAND AQUATIC CENTRE P&L  
July - September 2011**

Acct Description	Actual	Budget	Difference
Administration	0	-	0
	<b>0</b>	<b>-</b>	<b>0</b>
Administration	8,989	18,437	9,448
Cafe	3,458	-	(3,458)
Duty Management	16,886	12,829	(4,057)
Insurance	1,000	1,000	0
Management	27,312	21,054	(6,258)
Marketing	44	500	456
Merchandise	756	-	(756)
Operations	40,682	53,427	12,745
Recreation Swimming	6,065	5,836	(229)
	<b>105,192</b>	<b>113,083</b>	<b>7,891</b>
	<b>(105,192)</b>	<b>(113,083)</b>	<b>7,891</b>



## Gratwick Aquatic Centre

# QUARTERLY REPORT

## July – September 2011

**COMMENT**

Gratwick Aquatic Centre experienced a slow start to the financial year due to cooler water temperatures and high winds that impacted on comfort of recreation swimmers. In comparison to the same period last financial year there have been noticeable decreases in child and family attendances.

Last financial year we opened the pool for longer hours through July and August. The centre also hosted two major community events throughout the first quarter of 2010/11 that resulted in improved attendances. Unfortunately these events have not been scheduled at the centre this year.

**FINANCIAL PERFORMANCE**

Income for the 1<sup>st</sup> quarter of 2011 was below budget by **\$7,630** whilst expenditure was under budget by **\$5,344** resulting in a net performance for the first quarter of **-\$135,755** compared to a budget of **-\$133,469**. The net variation for the quarter was **-\$2,286**.

**Financial Year to Date**

<b>YTD</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Income	<b>\$33,553</b>	<b>\$41,183</b>	<b>(\$7,630)</b>
Expenditure	<b>\$169,309</b>	<b>\$174,653</b>	<b>\$5,344</b>
Net	<b>(\$135,755)</b>	<b>(\$133,469)</b>	<b>(\$2,286)</b>

**End of 1<sup>st</sup> Quarter variations Summary (Above 15%)**

- Recreation swimming income is behind budget by \$3,171 (27.8%). This reflects a slower than anticipated start to the financial year however, participation is expected to improve as the weather improves.
- Café income is \$2,022 (37.4%) behind budget however café expenditure is also under budget by \$1760 (49.1%). Café income was affected by low recreation swimming participation rates.
- Merchandise income is over budget by \$291 (21%). This follows high goggle sales to the swim club and other user groups resuming training.
- Duty Management expense is \$3,237 (24.5%) above budget. Duty management staff have exceeded their normal rostered hours to keep the pools and the fitness centre operational.
- Fitness centre expense is \$1,503 (20.9%) under budget. Duty Management staff have been engaged to conduct a number of fitness centre shifts throughout the first quarter of 2011/2012.
- Marketing expense is \$445 (29.6%) under budget which is a result of reduced marketing through the local paper and increased use of the centre's website and electronic database for communication.
- Recreation swimming expense is \$2,179 (30.6%) above budget. This is a reflection of additional training and induction costs for new staff.



**GRATWICK AQUATIC CENTRE KPI'S**

	<b>GAC</b>	<b>Budget / Benchmark</b>	<b>Comment</b>
<b>Financial KPI's</b>			
Budget target achieved	No	Yes	Reduced income due to cooler air and water temperatures effected aquatic participation throughout September.
Total Ave Income per visit (income / attendance) <i>Ave Income per visit MTH</i>	\$6.69	\$3.53	Fitness Centre patronage & membership contributes significantly to improved performance.
<i>Ave Income per visit YTD</i>	\$7.31	\$3.53	As above
<i>Recreation Swimming Avg Inc per visit MTH</i>	\$2.70	\$3.28	Higher proportion of child, Council and concession visits contribute to lower average income.
<i>Recreation Swimming Avg Inc per visit YTD</i>	\$2.98	\$3.28	Ratio of child and concession visits results in reduced average recreation swimming income per visit.
<i>Fitness Centre Avg Inc per visit MTH</i>	\$14.65	\$12.54	Performance is a reflection of higher than anticipated casual patronage
<i>Fitness Centre Avg Inc per visit YTD</i>	\$11.87	\$12.54	Greater focus on membership sales has reduced YTD figure in comparison to actual income per visit for September.
Secondary Spend per visit (Café inc + Merch inc / visits) <i>Secondary Spend MTH</i>	\$1.19	\$1.24	Despite lower than anticipated patronage throughout September, secondary spend was only slightly behind the benchmark and recorded an improvement in comparison with the YTD result.
<i>Secondary Spend YTD</i>	\$0.99	\$1.24	This performance is anticipated to improve as the Centre moves into warmer months of service.
Subsidy per visit (net result / attendance) Subsidy per visit - MTH	-\$20.52	-\$7.62	This KPI has more relevance over a longer period of time. As participation increases throughout warmer months the subsidy per visit is anticipated to reduce.
Subsidy per visit - YTD	-\$29.56	-\$7.62	The YTD figure includes low participation from winter months. As participation increases throughout warmer months this figure is anticipated to reduce.

Labour costs to total receipts			
Labour costs:total receipts - MTH	195%	138%	Reduced result in comparison to YTD KPI due to increased participation in September. YTD figures record higher than benchmark due to seasonal effect of monitoring during winter period only. It is anticipated that the Centre's labour costs:receipts will reduce as warmer weather is encountered.
Labour costs:total receipts - YTD	264%	138%	

<b>Catchment Multiple</b> (visits/population 5 KM radius)	GAC catchment population is estimated at 3,183 residents. CERM Benchmark is 3.5		
Catchment Multiple - MTH	0.68	1.22	Cooler weather effected patronage throughout September Seasonal result is anticipated to fluctuate dramatically throughout warmer months
Catchment Multiple - YTD	1.44	16.15	

<b>Customer Service</b>			
Mystery Shopper Score	57%	80%	New staff member took sales enquiry and did not seek additional information from prospect. Training was provided following these results. Customer survey not yet completed, planned for 2nd quarter of the financial year
Customer Survey Results	TBC	TBC	

<b>Risk Management KPI's</b>			
Major Incidents per 10,000 visits	0	0.19	No major incidents to report

<b>Programming KPI's</b>			
Total Attendance Month	2,163	3,888	Cooler weather effected participation throughout September Variance is a result of lower than anticipated participation in recreational swimming Membership promotion was held that coincided with the launch of the Centre's pay as you go membership New membership has resulted in net growth of members. Aquatic ed only runs term 1 and 4
Total Attendance YTD	4,592	7,450	
Total HC Memberships Sold	19	2	
Total HC Members	51	68	
Aquatic Ed Occupancy	0%	85%	

<b>Asset Management KPI's</b>			
Facility Audit - conducted quarterly	55%	80%	Audit conducted in July & marked down due to construction within pool compound for shade sails. Next audit due in October Reduced maintenance expenditure is a reflection of availability of contractors to undertake maintenance requirements.
Total maintenance expenditure (YTD against budget)	\$10,443	\$16,845	

<b>Utility Costs</b>			
Energy cost share %	7.12%	7.70%	This KPI may be skewed in comparison to other like sized Centre's due to high costs of accommodation and staff salaries and wages This KPI is significantly higher than the benchmark however it is anticipated that the Centre's performance will improve as the year progresses and patronage peaks through summer.
Energy costs per visit	\$2.62	\$0.27	
Water cost share %	8.55%	4.40%	Water cost share is poor due to a suspected leak from the pool and suspected use of aquatic centre mains to water Civic Centre Potential leak is being investigated as is use of aquatic centre mains to water Civic Centre.
Water costs per visit	\$3.15	\$0.64	

**ATTENDANCE STATISTICS**

	<b>Sept 11</b>	<b>Sept 10</b>	<b>YTD 11/12</b>	<b>YTD 10/11</b>
<b>Recreation Swimming</b>				
Adult	703	908	1480	1564
Child	462	436	537	622
Concession	0	10	23	32
Off Peak	116	36	172	36
Council	23	9	46	14
Under 2's	30	64	43	192
Family	51	162	88	237
Total Family Visits	204	648	336	948
User Groups	98	76	140	204
Spectator	17	321	39	405
Fitness Centre	510	585	1748	1740
YMCA Swim Lessons	0	0	0	0
Programs	0	149	0	149
School Attendance	0	0	0	0
Aqua Aerobics	0	0	0	0
Coaches	0	0	2	0
<b>TOTAL</b>	<b>2163</b>	<b>3251</b>	<b>4566</b>	<b>5906</b>

The table above shows a decrease in numbers from 2010 to 2011. Air temperatures are much cooler than previous years and strong cool winds reducing water temperatures.

**GRATWICK AQUATIC CENTRE P&L  
July – September 2011**

	Actual	Budget	Difference
Administration	0	-	0
Cafe	3,378	5,400	(2,022)
Health club	20,750	23,478	(2,728)
Merchandise	1,175	884	291
Recreation Swimming	8,251	11,422	(3,171)
	<b>33,553</b>	<b>41,183</b>	<b>(7,630)</b>
Administration	30,274	27,605	(2,669)
Aqua Aerobics	18	-	(18)
Aquatic Education	- 1,246	-	1,246
Aquatic Programs	893	-	(893)
Cafe	1,831	3,600	1,769
Duty Management	16,464	13,227	(3,237)
Health club	5,688	7,191	1,503
Insurance	1,140	1,500	360
Management	57,448	61,687	4,239
Marketing	1,055	1,500	445
Merchandise	577	520	(57)
Operations	45,861	50,697	4,836
Recreation Swimming	9,304	7,125	(2,179)
	<b>169,309</b>	<b>174,653</b>	<b>5,344</b>
	<b>(135,755)</b>	<b>(133,469)</b>	<b>(2,286)</b>

**10.2.2 Courthouse Gallery Quarterly Review: July – September 2011 (File No.:20/01/0026)**

**Officer** Gordon MacMile  
Director Community  
Development

**Date of Report** 23 November 2011

**Disclosure of Interest by Officer** Nil

**Summary**

For the Audit and Finance Committee to review the following report for the quarter: July – September 2011 of the Courthouse Gallery.

**Background**

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 is possible and is to be negotiated and agreed between the parties. These negotiations are in progress and will soon be considered by Council.

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 kpi's.

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

**Consultation**

The contractual obligations including revenue and expenditure reports, by the means of profit and loss statements are included as attachments to this report.

**Statutory Implications**

Nil

**Policy Implications**

Nil

**Strategic Planning Implications**

Nil

**Budget Implications**

Council's 2011-12 budget contains an allowance of \$280,000 for the contract management of the Courthouse Gallery.

**Officer's Comment**

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 Centre
- 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.

**Attachments**

1. Port Hedland Courthouse Gallery (Quarterly Report 1 July to 30 September 2011)
2. PHCG Statement of Budget and Actual Profit and Loss – September 2011
3. Standing Together Exhibition Feedback

**AFC201112/004 Officer's Recommendation / Audit and Finance Committee Decision**

**Moved: Cr M B Dziombak                      Seconded: Mayor K A Howlett**

**That the Audit and Finance Committee receives the quarterly review report of the Courthouse Gallery from FORM Contemporary Craft and Design Inc. for the period 1 July to 30 September 2011.**

***CARRIED 3/0***





**Port Hedland Courthouse Gallery  
Quarterly Report  
1 July to 30 September 2011**

**Income and Expenditure statements for the Courthouse Gallery for this reporting period.**

Please see attached.

**Repairs and Maintenance**

The following repairs and maintenance were carried out:

- Reddings Electrical inspected smashed flood light on exterior of Gallery (23.8.11)
- Reddings Electrical fixed smashed flood light, changed failed light globes in retail space and replaced light switch in foyer which was sparking (24.8.11)
- Parks and Gardens repaired sprinkler system in Gallery gardens after it was vandalised (29.8.11)

Worth noting:

- Paint in both the male and female toilets is peeling badly. A request was made to the Town to have this repainted on 12.4.11, since then four more requests have been made but the bathrooms are yet to be repainted

**Incident reporting**

- The smashed flood light and broken sprinkler system (indicated above) both were damaged due to after-hours vandalism. One of the palm trees at the front of the Gallery was also set alight by vandals.

**Customer feedback**

Public feedback for the following are included in this report:

- Exhibition: *Standing Together: stories by Roebourne Art Group* exhibition (June - August)

Note: the Hedland Art Awards exhibition feedback will appear in next quarter's report.

As a separate project FORM assisted Town of Port Hedland by gathering community input through their Growth Planning.

**Damage to the Gallery and/or Gallery assets**

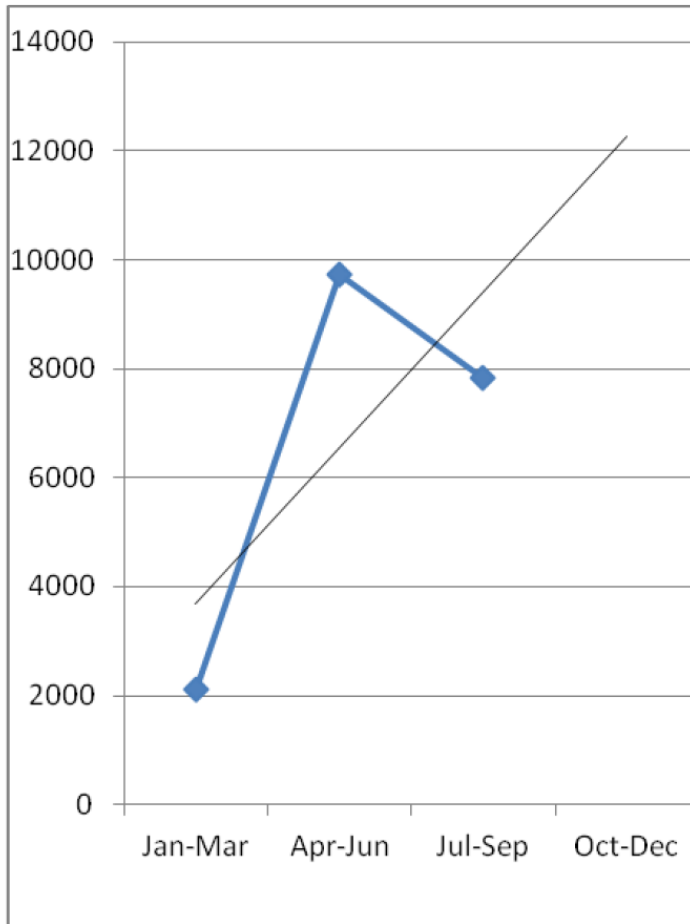
- The smashed flood light and broken sprinkler system (indicated above) both were damaged due to after-hours vandalism. One of the palm trees at the front of the Gallery was also set alight by vandals.

**Gallery Attendance Figures**

<b>Breakdown</b>	<b>No. of Events</b>	<b>No. of Attendees</b>
<b>General Gallery attendance</b>		<b>2021</b>
<b>Exhibition(s)</b>	1	600
▪ <i>Hedland Art Awards (26.8.11)</i> 600		
<b>Function(s)</b>	8	4746
▪ Pilbara Development Commission: Mars Society Visit (15.7.11) 28		
▪ BHPBIO Stakeholder Event (20.7.11) 25		
▪ Future Shorts One short film festival (31.7.11) 32		
▪ Future Shorts One short film festival (28.8.11) 50		
▪ West End Markets, August (27.8.11) 4500		
▪ Future Shorts One short film festival (18.9.11) 35		
▪ Excellence Awards (23.9.11) 20		
▪ BHPBIO Investors Event (29.9.11) 56		
<b>Visits</b>	11	124
▪ Spinifex Hill Artists visit (13.7.11) 5		
▪ Warralong artists visit (18.7.11) 5		
▪ BHPBIO/Parliamentarian visit (20.7.11) 25		
▪ BHPBIO/Parliamentarian visit (3.8.11) 7		
▪ Roebourne Art Group visit (11.8.11) 10		
▪ Hedland Senior High School excursion (12.8.11) 9		
▪ BHPBIO/Parliamentarian visit (3.8.11) 6		
▪ Hedland Senior High School excursion (3.9.11) 25		
▪ Strelley Community School excursion (12.9.11) 10		
▪ St Thomas Moore & Emmaus College (VIC) (13.9.11) 10		
▪ Hedland Senior High School excursion (28.9.11) 12		
<b>Workshops</b>	4	329
▪ Lomography Club (16.7.11) 6		
▪ Lomography Club (13.8.11) 6		
▪ Hedland Art Awards Judges' Walk Through (27.8.11) 30		
▪ Pilates (Mon, Wed, Sat throughout Jul, Aug, Sep) 96, 90, 101		
<i>Spinifex Hill Artists (external to Gallery) (approximately 10 participants 4 days per week in Jul-Sep)</i>		

<b>Breakdown</b>	<b>No. of Events</b>	<b>No. of Attendees</b>
<b>Gallery Closed</b>	1	
▪ <b>AUGUST 1: Public Holiday</b> (Hedland Cup)		
<b>Total Events and Attendance figures</b>		<b>7820</b>

**QUARTERLY TOTAL ATTENDANCE TREND FOR PHCG**



<i>January is closed for half month - so will not give a true trend</i>		**			
	<b>2011</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>
<b>Quarterly Total Attendance</b>		2105	9735	7820	

\*\* Note attendance in Apr-Jun and Jul-Sept will be higher due to the West End Markets, particularly the Apr-Jun quarter which features 2 market events.

Exhibitions

- 11 Feb - 7 Apr: 52 Weeks On: A Pilbara Project Exhibition
- 15 Apr - 16 Jun: When it Rains it Pours by Last Chance Studios
- 24 Jun - 14 Aug: Standing Together: Stories by Roebourne Art Group
- 26 August - 6 Oct: Hedland Art Awards
- 14 Oct - 24 Dec: David Hooper and Rian Hronksy



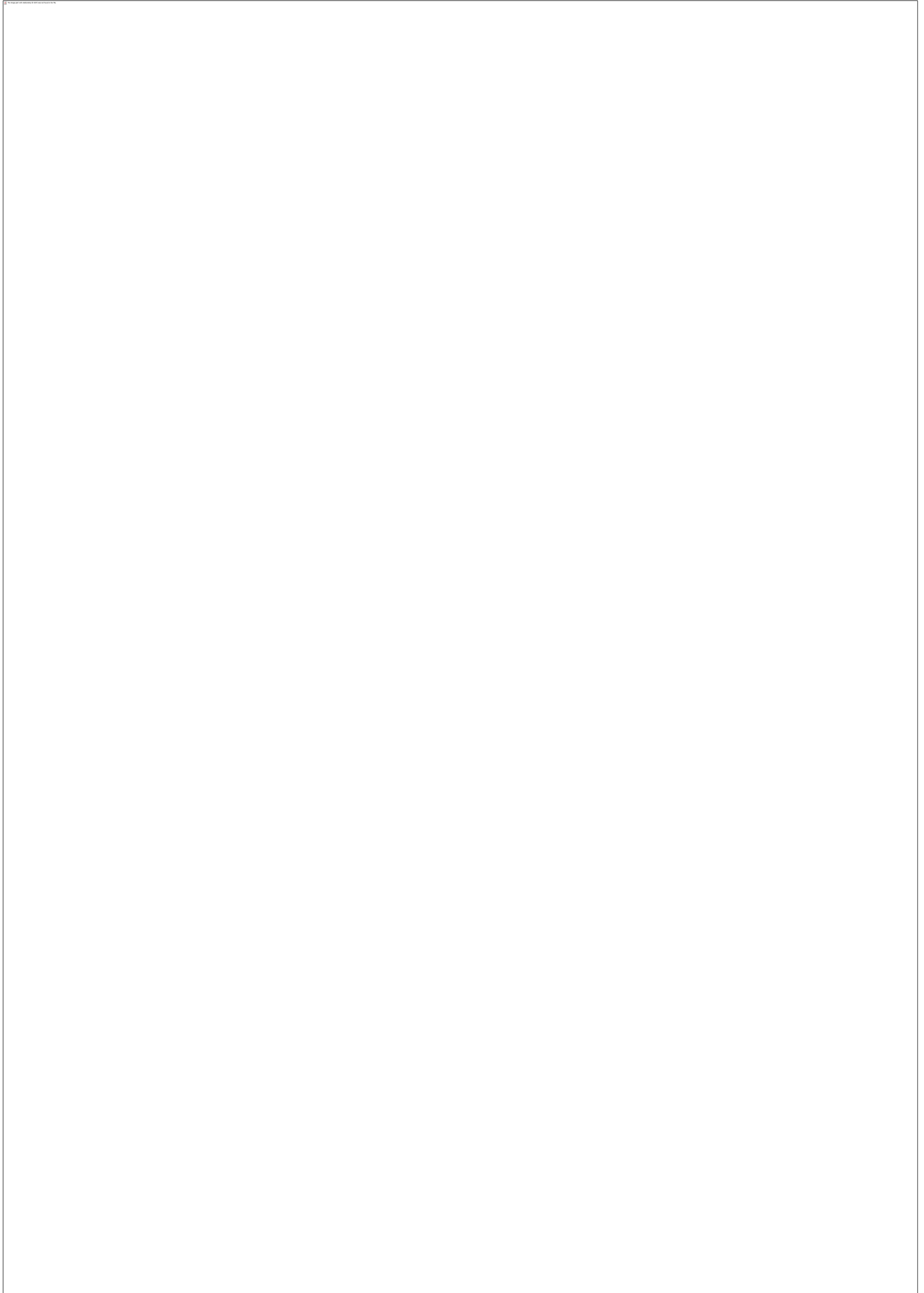
building a state of creativity

## PORT HEDLAND COURTHOUSE GALLERY OPERATIONS

## Statement of Budget and Actual Profit and Loss

As at Quarter Ending 30 September 2011

Budget Lines	2011 Budget \$	Cumulative Total - Actual	2011 Quarterly Actuals Ending		
			31-Mar	30-Jun	30-Sep
<b>Turnover</b>					
Sales	350,000	238,865	49,662	120,449	68,754
Other income		0			
Friends of the Gallery & Other Donations	2,000	0			
<b>Total other income</b>	<b>2,000</b>	<b>0</b>			
<b>Grants and sponsorships</b>					
DEWHA - Indigenous Exhibition Development	70,000	30,000		61,000	(31,000)
Town of Port Hedland - (tender terms)	280,000	210,000	70,000	70,000	70,000
Sponsorships	446,200	496,764	83,400	129,600	283,764
Sundry Income - Donations, Workshop Fees, etc.	0	0	0	8,118	(8,118)
<b>Total grants and sponsorships</b>	<b>796,200</b>	<b>736,764</b>	<b>153,400</b>	<b>268,718</b>	<b>314,646</b>
<b>Total Turnover</b>	<b>1,148,200</b>	<b>975,629</b>	<b>203,062</b>	<b>389,168</b>	<b>383,400</b>
<b>Expenditure</b>					
Cost of Sales	262,500	242,658	30,391	160,701	51,566
<b>Operating expenses</b>					
Programming expenses					
- General Program Costs	22,000	13,795	7,670	5,149	976
- Exhibitions	364,000	229,152	77,929	58,167	93,057
- Workshops	141,000	78,231	4,876	45,545	27,810
- Other Programs	64,000	98,810	7,346	45,600	45,864
Total project/community costs	591,000	419,989	97,821	154,461	167,706
Employment costs					
- Salaries and wages	264,589	196,703	67,238	67,113	62,353
- Superannuation guarantee levy	23,813	17,703	6,051	6,040	5,612
- Workers compensation insurance	5,292	3,934	1,345	1,342	1,247
- Staff Housing	78,640	58,936	21,143	15,193	22,600
Total employment costs	372,334	277,276	95,777	89,688	91,811
General administration					
- Audit Fees	3,000	2,000	2,000	0	
- Bank charges	2,500	2,423	288	1,163	972
- Postage & couriers	12,000	713	128	143	442
- Telephone & IT	5,000	5,941	884	2,974	2,083
- Presentation and Promotion	2,500	4,203	220	2,538	1,445
- Printing and stationery	5,000	6,958	772	1,079	5,106
- Minor office equipment	1,000	374		374	0
- Subscriptions	1,000	0	0		0
- Website development & hosting	2,000	0	0		0
- Admin costs distribution	6,000	4,500	1,500	1,500	1,500
Total administration costs	40,000	27,112	5,793	9,770	11,549
Facility costs					
- Electricity	10,500	8,521	3,421	2,527	2,574
- Repairs and maintenance	2,000	4,030	300	1,853	1,876
- Depreciation	2,400	770	292	292	186
- Cleaning	3,000	6,565	1,100	1,924	3,541
- Water	0				
Total occupancy costs	17,900	19,886	5,113	6,596	8,177
Other costs					
- Consultants	2,000	0	0		
- Staff travel	5,000	2,415	1,169	28	1,217
- Amenities	1,200	114	0	3,292	(3,178)
- Insurance	3,500	4,063	2,031	2,031	0
Total other costs	11,700	6,592	3,201	5,352	(1,961)
<b>Total operating expenses</b>	<b>1,032,934</b>	<b>750,855</b>	<b>207,704</b>	<b>265,867</b>	<b>277,283</b>
<b>Total Expenditure</b>	<b>1,295,434</b>	<b>993,513</b>	<b>238,095</b>	<b>426,569</b>	<b>328,849</b>
<b>Net Income / (Funding to be Sourced / Expenditure)</b>	<b>-147,234</b>	<b>-17,884</b>	<b>-35,034</b>	<b>-37,401</b>	<b>54,551</b>



**10.3 CORPORATE SERVICES**

**10.3.1 2010/11 Audited Financial Statements**

**Officer** Lee Crombie  
**Coordinator Financial Management**

**Date of Report** 25 November 2011

**Disclosure of Interest by Officer** Nil

**Summary**

For the Committee to recommend the adoption of the 2010/11 Audited Financial Statements and Associated Notes to the Council, and to consider the Audit Management letter from the Town's Auditor.

**Background**

On 29 November 2011 the Town received its audited 2010/11 Financial Statements and Associated Notes, Audit Report and Management Report (attached) from Mr Greg Godwin, Partner of UHY Haines Norton and the Town of Port Hedland Auditor.

The 2010/11 Audited Financial Statements (and associated notes) is the annual "report card" of the Town. Generally, Financial Statements are made up of the following components:

1. Income Statement;
2. Financial Position or Balance Sheet;
3. Statement of Changes in Equity;
4. Cash Flow Statement; and
5. Notes to provide further details on the above statements.

These are prepared so users of the reports can determine:

1. Performance (Income Statement);
2. Net Worth (Financial Position);
3. Changes in Net Worth (Changes in Equity);
4. Management of cash resources (Cash Flow).

However the *Local Government Act 1995*, adds an additional component, being the Rate Setting Statement. Though all components of the Financial Report are equally important, the Rate Setting Statement is unique to Local Government.

This statement incorporates components from the Income Statement and changes in the Balance Sheet, to determine the rates required to be raised (budget process); and Council's Cash Surplus.

It effectively determines what funds are available to Council to provide its various services and programs. Accordingly, Council made a cash surplus of \$7.728 million in 2010/11. These funds are “carried forward” in the new year to effectively fund uncompleted works from 2010/11. As the Committee will note, as part of the September Budget Review, the Carry Forward Surplus estimated at the time of setting the original budget has been amended to reflect this revised figure.

The associated notes provide greater detail into the various components of the statements while comparing the year’s results to budget estimates. Both the statements and associated notes are produced in accordance with the Australian Accounting Standards, the Local Government Act and associated regulations to provide the necessary information required by the public to determine the Town’s worth and sustainability for the future.

The Audit Report (Opinion) is an independent report or opinion on the reasonableness of the information contained with the Annual Statements. The Auditors are required to provide confidence to users of the annual statements as to their accuracy and fairness. According to the Town’s Auditor, Mr Greg Godwin, the 2010/11 statements are considered “true and fair” and comply with the relevant standards and legislation.

Local Government Auditors are also required to advise the Council and the community of any non compliance with the Local Government Act. During the 2010/11 audit, Mr Greg Godwin has identified the following non-compliance with the requirements of the Local Government Act or the associated regulations:

1. The Annual Financial Report for the year ended 30 June 2010 was not submitted to the Director General of the Department of Local Government within 30 days of the auditor’s report becoming available as required by Financial Management Regulation 51 (2).
2. Budget Review – a copy of the budget review was not submitted to the Department within 30 days of its adoption as required by Financial Management Regulation 33A (4).

The non-compliances have since been addressed by the Town. The Annual Financial Report was submitted to the Department on 11 May 2011 and the Budget Review submitted on 2 June 2011.

The Auditor also issues a “Management Report” which allows the auditor to formally raise points or issues, which currently do not affect their overall opinion of the Town’s financial management, but if not addressed may result in future qualifications or misstatements of a financial nature. Generally these are not publicised as they are chiefly for internal use, and may confuse external users on the Auditor’s true opinion.

In the 2010/11 Management Report, the Town's Auditor has effectively raised issues around 2 key areas. These being:

1. Depreciation Rates
2. Employee Entitlements

These will be addressed in the Officer's Comments along with the uncorrected mistatements.

### **Consultation**

Nil

### **Statutory Implications**

Local Government Act 1995

#### *5.54. Acceptance of annual reports*

*(1) Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.*

*\* Absolute majority required.*

*(2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.*

### **Strategic Planning Implications**

Nil

### **Budget Implications**

The 2010/11 Audited Financial Statements produce an Actual Cash Surplus of \$7,728,477. Currently the Town's Original Budget assumes a budgeted carried forward surplus of \$3,375,828. The additional surplus of \$4,352,649 has been accommodated in the September Budget Review (the subject of a separate report in this agenda), as this is still required to fund uncompleted non-operating (Capital) projects from the previous year.

### **Officer's Comment**

The audited 2010/11 financial statements effectively "closes the book" with regards to the 2010/11 Financial Year.

Given the audit opinion that the 2010/11 Statements are a "true and fair" representation of the Town's financial position as at 30 June 2011, the Committee should have confidence that the Town's financial management is strong and meets the requirements of the Australian Accounting Standards and relevant legislation.



Of the issues raised in the management report, it is proposed to address them in the following manner:

*Depreciation rates used is inconsistent with accounting policies*

A project has commenced to develop an Asset Management Framework for the Town as part of the Department of Local Government requirements to develop an Integrated Strategic Planning and Reporting Framework. This project will include the development of a depreciation policy for each asset category that will incorporate defining and adopting appropriate depreciation rates for each category of assets to ensure the appropriate depreciation rates are used.

*Employee entitlements provision do not include liability associated with transportable leave*

The Town has commenced a review in relation to those employees who have transferred between Councils in order to establish the accuracy of the amounts payable and receivable to/from other Councils. Once the accuracy is established, the employee entitlement provision in the Accounts will be adjusted to reflect amounts payable to other Councils and the accounts receivable from other Councils as appropriate.

*Uncorrected Misstatement*

The uncorrected misstatement of \$56,392 relates to the above issue on transportable leave. This adjustment was not made in the accounts as the accuracy was not established at the time of the audit. As mentioned above, once the accuracy is established the associated liability and receivables will be processed. It is an audit requirement to identify uncorrected misstatements. Given the amount is immaterial and yet to be clarified, this should not be a significant concern to the Committee.

**Attachments**

1. Independent Audit Report
2. Management Report
3. 2010/11 Audited Financial Statements  
(Attached under separate cover)

**AFC201112/005 Officer's Recommendation / Audit and Finance Committee Decision**

**Moved: Mayor K A Howlett                      Seconded: Cr M B Dziombak**

**That the Audit and Finance Committee:**

- i) Receive the audited 2010/11 Financial Statements and associated notes, the Audit Report and Management Report; and**
- ii) Recommend to Council the inclusion of the audited 2010/11 Financial Statements and associated notes, and the Audit Report in the 2010/11 Annual Report.**

***CARRIED BY ABSOLUTE MAJORITY 3/0***



**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE TOWN OF PORT HEDLAND**

***Report on the Financial Report***

We have audited the accompanying financial report of the Town of Port Hedland, which comprises the statement of financial position as at 30 June 2011, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

***Management's Responsibility for the Financial Report***

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Auditor's Opinion***

In our opinion, the financial report of the Town of Port Hedland is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Town's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE TOWN OF FORT HEDLAND (Continued)**

***Report on Other Legal and Regulatory Requirements***

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

***Annual Financial Report***

The Annual Financial Report for the year ended 30 June 2010 was not submitted to the Director General of the Department of Local Government within 30 days of the auditor's report becoming available as required by Financial Management Regulation 51 (2).

***Budget Review***

A copy of the budget review was not submitted to the Department within 30 days of its adoption as required by Financial Management Regulation 33A (4).

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Town.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS

GREG GODWIN  
PARTNER

Date: 29 November 2011  
Perth, WA



29 November 2011

The Mayor  
Cr K Howlett  
Town of Port Hedland  
PO Box 41  
PORT HEDLAND WA 6721

Dear Cr Howlett

**MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2011**

We advise that we have completed our audit procedures for the year ended 30th June 2011 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures, or all audit matters of interest to Council, which may exist. However, we aim to use our knowledge of the Town's organisation gained during our work to make comments and suggestions, which, we hope, will be useful to you.

**Depreciation Rates**

Whilst the depreciation rates used appear reasonable, certain depreciation rates used for various items of property, plant, equipment and infrastructure were not in line with the rates disclosed in Council's accounting policies.

To help ensure the depreciation rates used are in line with Council's adopted accounting policies we recommend the depreciation rates being used be reviewed and the fixed asset register or accounting policy, as deemed appropriate, be updated.

**Employee Entitlements**

During our review of the long service leave liability we noted the provision at balance date did not include adjustments for amounts payable to and receivable from other Councils in relation to employees who have moved to or from other Councils.

Whilst the estimated amount is not significant we recommend a review be undertaken to help ensure the provisions disclosed are as accurate as possible.

-1-

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We noted no other matters we wish to draw to Council's attention.

**Uncorrected Misstatements**

We advise there was an uncorrected misstatement noted by us during the course of our audit. This is set out in Appendix 1 to this letter.

We take this opportunity to thank the Chief Executive Officer and all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully

  
GREG GODWIN  
PARTNER

Encl;



**TOWN OF PORT HEDLAND  
APPENDIX 1  
FORMING PART OF THE MANAGEMENT REPORT  
FOR THE YEAR ENDED 30 JUNE 2011**

**Uncorrected Misstatements**

	Dr (\$)	Cr (\$)
Statement of Comprehensive Income Long Service Leave Provision	56,392.00	56,392.00
<i>Being unaccounted estimate for net Transportable leave.</i>		

UHY HAINES NORTON 100 WATERLOO STREET SUITE 1000 MELBOURNE VIC 3000

**10.3.2 First Quarter Budget Review (File No.: - )**

<b>Officer</b>	<b>Suma George Manager Financial Services</b>
<b>Date of Report</b>	<b>29 November 2011</b>
<b>Disclosure of Interest by Officer</b>	<b>Nil</b>

**Summary**

For the Committee to review the results of the first quarter budget review for the 2011-12 financial year and to make recommendations to the Council as to whether the adjustments outlined in the attachments should be approved.

**Background**

In every organisation there are many factors, both internal and external that can have an effect on program expenditure anticipated throughout the year, after the original budget is adopted. Part of ensuring that an organization has effective financial management practices in place is for regular budget reviews to occur, and reports to be provided to the Council on any modifications that may be required.

While management are required to monitor their particular programs frequently in order to ensure their departmental targets are being achieved, it is also important that senior management regularly review the income and expenditure in order to assess the achievement of the overall financial targets of Council.

The first budget review has been conducted with the actual data being used as at the end of September 2011. The review is an extremely detailed review, highlighting known adjustments to the budget, including a critical review of significant projects for 2011-12 and the Town's capacity to complete them by 30 June 2012. In some instances, savings generated from this process have been reallocated to areas of additional expenditure needed to complete projects.

**Consultation**

The Budget review was prepared by the Executive team, after meeting with each Manager and Coordinator, where all revenue and expenditure accounts within that Manager's responsibility was reviewed in detail.

**Statutory Implications**

Local Government Act 1995 states (in part):



6.8. *Expenditure from municipal fund not included in annual budget*

(1) *A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —*

(a) *is incurred in a financial year before the adoption of the annual budget by the local government;*

(b) *is authorised in advance by resolution\*; or*

(c) *is authorised in advance by the mayor or president in an emergency.*

*\* Absolute majority required.*

(1a) *In subsection (1)*

*-additional purpose~ means a purpose for which no expenditure estimate is included in the local government's annual budget.*

(2) *Where expenditure has been incurred by a local government -*

(a) *pursuant to subsection (1)(a), it is to be included in the annual budget for that financial year; and*

(b) *pursuant to subsection (1)(c), it is to be reported to the next ordinary meeting of the council.”*

**Strategic Planning Implications**

Nil

**Budget Implications**

The proposed budget amendments ensure that the Council's budget remains balanced for the 2011-12 financial year.

**Officer's Comment**

*Budget Shortfall Discussion*

During the first quarter budget review, a total shortfall resulted of approximately \$2.0 million.

In order to ensure a balanced budget, Executive discussed alternatives as to how this may be achieved. As a result, almost \$1 million was utilised from the Community Facilities Reserve in order to fund the proposed upgrades to the Courthouse Art Gallery; the finalisation of the JD Hardie fit-out and the civil works for the Multi Purpose Recreation Centre. The proposed \$0.5 million for the Wedge Street Roundabout was removed while investigations occur as to its design and will be the subject of a separate report to Council in the upcoming months. The remaining \$0.5 million has been sourced from the Airport Reserve in recognition of the large amount of work that is being undertaken in relation to the airport that is currently sourced from Municipal funds (such as salary costs). Adjustments have been made that have ensured a balanced budget for the first quarter budget review.

The 2010/11 financial statements have been completed. The actual surplus for 2010/11 financial year was \$7,728,477 which is higher by \$4,352,649 when compared to the amount initially anticipated. Including this increase, there was an initial deficit after the review that has been sourced mainly through utilising funds from the Community Facilities Reserve and the Airport Reserve.

*New Staff Proposed*

As part of the Budget Review it is recommended that a Marketing Manager position be created and the current marketing officer position be increased from a 0.6 FTE (Full Time Equivalent) to a FTE. The new position will assist in promoting Port Hedland nationally and internationally as the Town becomes Pilbara's Port City.

Also proposed is to convert a 0.5 FTE Occupational Health and Safety Officer role to a FTE Coordinator, Occupational Health and Safety position. This will allow for an increased focus on policy development, compliance, and ensuring that employees are safe in the workplace.

A summary on the effect on the cash surplus with the above options recommended by Executive is included in the list below:

	<b>Original Budget</b>	<b>Total Adjustments</b>	<b>Proposed New Amended Budget</b>
Operating Expenditure	44,023,951	3,031,945	47,055,896
Operating Revenue	(91,882,533)	(1,981,857)	(93,864,390)
Non Operating Expenditure	104,768,399	12,634,194	117,402,593
Non Operating Revenue	(46,148,354)	(9,331,633)	(55,479,987)
<i>Sub-Total</i>	<i>10,761,463</i>	<i>4,352,649</i>	<i>15,114,112</i>
Add Back Non Cash items	(7,385,635)		(7,385,635)
Surplus BFWD from 2011-12	(3,375,828)	(4,352,649)	(7,728,477)
<b>Cash (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>MOVEMENT SUMMARY</b>						
	<b>Carryover from 2010- 11</b>	<b>Adjustments</b>	<b>Council Decisions</b>	<b>Accounting Adjustments</b>	<b>Carryover into 2012-13</b>	<b>Total</b>
Operating Exp	105,101	2,820,214	106,630	0	0	3,031,945
Operating Revenue	(632,816)	(1,349,041)	0	0	0	(1,981,857)
Non Operating Exp	12,825,065	(935,871)	745,000	0	0	12,634,194
Non Operating Revenue	(5,376,207)	(3,955,426)	0	0	0	(9,331,633)
<b>Total</b>	<b>6,921,143</b>	<b>(3,420,124)</b>	<b>851,630</b>	<b>0</b>	<b>0</b>	<b>4,352,649</b>

A detailed listing of proposed budget amendments are attached.

As all budget allocations require an absolute majority decision, the Committee has the power to only recommend budget amendments to the Council. Once the Committee has made a recommendation, a report containing its recommendation will be presented to the Council.

#### **Attachments**

1. Summary of Schedule 2
2. Detailed budget amendments in Schedule 2 order  
(Attached under separate cover)

#### **AFC201112/006 Officer's Recommendation / Audit and Finance Committee Decision**

**Moved: Mayor K A Howlett**

**Seconded: Cr M B Dziombak**

**That the Audit and Finance Committee:**

- i) **Notes that the initial shortfall of \$2 million has been recouped through the funding strategies implemented by the Executive team; and**
- ii) **Recommends to Council to amend the 2011-12 Budget as per the attached list, resulting in a balanced budget.**

***CARRIED 3/0***

BUDGET REVIEW  
SEPTEMBER 2011

## ATTACHMENT 1

Schedule	Business Unit	Original Budget	Amended Budget	Carryover from 2010-11	Adjustments	Council Approvals	Accounting Adjustments	Carry Over into 2012-13	Proposed amended Budget (September Review)	Change
3	Rates	(19,331,498)	(19,331,498)	-	150,003	-	6,755	-	(19,174,741)	156,757
4	Members	1,864,034	1,864,034	-	41,279	-	104,540	-	2,009,853	145,819
4	Financial Services	(48,424)	(48,424)	-	17,311	-	(2,003)	-	(33,115)	15,309
4	Corporate Support	1,126,750	1,126,750	9,004	124,676	-	(315,025)	-	945,405	(181,345)
4	Corporate Management	-	-	-	192,951	-	(192,951)	-	(0)	(0)
5	Fire Prevention	7,750	7,750	-	14,610	-	-	-	22,360	14,610
5	Animal Control	745,992	745,992	-	13,347	-	5,278	-	764,617	18,625
5	Other Public Safety	530,242	530,242	-	(10,993)	-	363	-	519,612	(10,630)
5	Parking	600	600	-	(3,000)	-	-	-	(2,400)	(3,000)
5	SES/Emergency Management	104,455	104,455	-	(6,240)	-	6,884	-	105,099	644
7	Maternal Infant Health	23,497	23,497	-	-	-	-	-	23,497	-
7	Health Inspections & Admin	429,593	429,593	10,024	(11,829)	-	1,708	-	429,496	(97)
7	Aboriginal Health	6,864	6,864	-	-	-	-	-	6,864	-
7	Pest Control	21,079	21,079	-	(3,204)	-	114	-	17,989	(3,090)
7	Environmental Health	45,000	45,000	-	-	-	-	-	45,000	-
8	Len Taplin Day Care	54,220	54,220	-	3,890	-	-	-	58,110	3,890
8	Rose Nowers Day Care	4,710	4,710	-	1,320	-	-	-	6,030	1,320
8	Pilbara Family Day Care	343	343	-	-	-	1	-	344	1
8	Retirement Village	45,934	45,934	-	17,630	-	-	-	63,564	17,630
8	Mirtanya Maya Hostel	577	577	-	-	-	-	-	577	-
8	Aged Care	102,070	102,070	-	(4,730)	-	-	-	97,340	(4,730)
8	Other Welfare	6,620	6,620	-	31,120	-	-	-	37,740	31,120
8	Community Services & Development	1,082,181	1,082,181	-	(155)	-	14,813	-	1,096,839	14,658
8	GP Housing	200,699	200,699	-	3,000,000	-	1,085	-	3,201,784	3,001,085
9	Staff Housing	1,283,146	1,283,146	-	-	-	3,487	-	1,286,633	3,487
10	Waste Services	(52)	(52)	296,209	(331,608)	-	32,168	-	(3,283)	(3,231)
10	Sanitation Other	(15)	(15)	-	(3,914)	-	3,089	-	(840)	(825)
10	Town Planning & Regional Development	1,165,681	1,165,681	-	(235,886)	106,630	(10,783)	-	1,025,642	(140,039)
10	Cemeteries	1,529,669	1,529,669	-	732,123	-	2,726	-	2,264,518	734,849
10	Public Conveniences	157,147	157,147	-	(1,990)	-	288	-	155,445	(1,702)
10	Other Community Amenities	34,402	34,402	-	-	-	-	-	34,402	-
11	Community & Event Services	1,211,856	1,211,856	-	(22,037)	-	5,284	-	1,195,103	(16,753)
11	Courthouse/Community Arts	573,224	573,224	-	(193,510)	-	98	-	379,812	(193,412)
11	Port Hedland Civic Centre	553,546	553,546	-	19,900	-	5,188	-	578,634	25,088
11	JD Hardie Centre	(77,433)	(77,433)	292,090	(173,973)	-	20,524	-	61,208	138,641
11	Swimming Areas/Beaches	3,455,770	3,455,770	177,761	33,323	-	8,497	-	3,675,351	219,581
11	Recreation Administration	(475,804)	(475,804)	17,782	(420,467)	-	12,150	-	(866,338)	(390,534)
11	Youth Services	103,196	103,196	-	(13,049)	-	(1,575)	-	88,572	(14,624)
11	Sportsgrounds	1,436,742	1,436,742	610,031	(312,810)	325,000	3,137	-	2,062,100	625,358
11	Port & South Sports Grounds - P&G	3,389,051	3,389,051	2,384,130	(693,486)	420,000	58,892	-	5,558,587	2,169,536
11	Library Services	1,956,114	1,956,114	-	4,938	-	4,637	-	1,965,690	9,576
11	Matt Dann Cultural Services	811,776	811,776	-	(11,220)	-	5,648	-	806,205	(5,571)
11	Television/Radio Broadcasting	1,000	1,000	-	-	-	-	-	1,000	-
12	Infrastructure Construction	2,291,363	2,291,363	715,564	(1,900,562)	-	-	-	1,106,365	(1,184,998)
12	Engineering Management	385,782	385,782	-	(121,211)	-	2,932	-	267,503	(118,279)
12	Infrastructure Mtce - Technical Service	2,517,062	2,517,062	24,432	3,083	-	16,050	-	2,560,627	43,565
12	Infrastructure Maintenance - Engineering	2,012,227	2,012,227	-	(164,381)	-	7,116	-	1,854,962	(157,265)
12	Infrastructure Mtce Road Verge	404,709	404,709	-	-	-	1,567	-	406,276	1,567
12	Plant Purchases	436,000	436,000	-	12,850	-	-	-	448,850	12,850
12	Airport	(1,805,086)	(1,805,086)	2,334,116	(2,529,132)	-	199,371	-	(1,800,731)	4,355
12	Airport Café	(51,783)	(51,783)	-	(36,774)	-	-	-	(88,557)	(36,774)
12	Administration Building Overheads	120,000	120,000	-	(20,000)	-	-	-	100,000	(20,000)
13	Tourism & Area Promotion	121,385	121,385	-	2,250	-	814	-	124,449	3,064
13	Building Control	(398,457)	(398,457)	-	(178,194)	-	(24,099)	-	(600,750)	(202,293)
13	Economic Development	788,564	788,564	50,000	(90,713)	-	(11,466)	-	736,384	(52,180)
13	Other Economic Services	(338,244)	(338,244)	-	-	-	-	-	(338,244)	-
14	Private Works	35,000	35,000	-	(15,000)	-	-	-	20,000	(15,000)
14	Public Works Overheads	(53)	(53)	-	11,032	-	(8,971)	-	2,008	2,061
14	Building Maintenance	-	-	-	196,938	-	31,665	-	228,604	228,604
14	Plant Operating Costs	-	-	-	-	-	-	-	-	-
14	Gross Salaries & Wages	(7,000)	(7,000)	-	(35,050)	-	-	-	(42,050)	(35,050)
14	Other Unclassified	117,690	117,690	-	(499,580)	-	-	-	(381,890)	(499,580)
	<b>Sub-Total</b>	<b>10,761,463</b>	<b>10,761,463</b>	<b>6,921,143</b>	<b>(3,420,124)</b>	<b>851,630</b>	<b>0</b>	<b>-</b>	<b>15,114,112</b>	<b>4,352,649</b>
	Add Back Non Cash Items	(7,385,635)	(7,385,635)	-	-	-	-	-	(7,385,635)	-
	Surplus Carried Forward from 2010-11	(3,375,828)	(3,375,828)	-	(4,352,649)	-	-	-	(7,728,477)	(4,352,649)
	Carry Forward Projects from 2011-12	-	-	-	-	-	-	-	-	-
	<b>Cash (Surplus) / Deficit</b>	<b>-</b>	<b>-</b>	<b>6,921,143</b>	<b>(7,772,773)</b>	<b>851,630</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>

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**ITEM 11 LATE ITEMS AS PERMITTED BY CHAIRPERSON/COUNCIL**

Nil

**ITEM 12 MOTIONS OF WHICH PREVIOUS NOTICE HAVE BEEN GIVEN**

Nil

**ITEM 13 CONFIDENTIAL ITEMS**

Nil

**ITEM 14 APPLICATIONS FOR LEAVE OF ABSENCE**

Nil

**ITEM 15 CLOSURE**

**15.1 Date of Next Meeting**

The next Audit and Finance Committee Meeting of Council will be held at a time at date and time that is to be confirmed by the Chairperson.

**15.2 Closure**

There being no further business, the Chairperson declared the meeting closed at 1:55pm.

**Declaration of Confirmation of Minutes**

I certify that these Minutes were confirmed by the Audit and Finance Committee at its Ordinary Meeting of \_\_\_\_\_.

CONFIRMATION: \_\_\_\_\_  
CHAIR

\_\_\_\_\_  
DATE