



Town of Port Hedland

MINUTES

OF THE

SPECIAL MEETING  
OF THE TOWN OF PORT HEDLAND COUNCIL

HELD ON

WEDNESDAY 29 JULY 2009

AT 5.30 PM

IN COUNCIL CHAMBERS  
McGREGOR STREET, PORT HEDLAND

Purpose of Meeting: To consider:

- . the Town of Port Hedland 2009/2010 Budget;
- . Tender 09/10: Transient Workers Accommodation Land Lease – Port Hedland International Airport;
- . Confirmation of Minutes of Ordinary Meeting of Council held on Wednesday 24 June 2009; and
- . Confirmation of Minutes of Special Meeting of Council held on Monday 29 June 2009.

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*Matthew Scott  
Acting Chief Executive Officer*

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## OUR COMMITMENT

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

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**ITEM 1 OPENING OF MEETING****1.1 Opening**

The Mayor declared the meeting open at 5:31pm and acknowledged the traditional owners, the Kariyarra people.

**ITEM 2 RECORDING OF ATTENDANCE AND APOLOGIES****2.1 Attendance**

Mayor S R Martin

Cr A A Carter

Cr G J Daccache

Cr G D Bussell

Cr S J Coates

Cr J E Ford

(from 5:35 pm)

Cr A A Gear

Cr J M Gillingham

Cr K A Howlett

(from 5:35 pm)

Mr Matthew Scott

Acting Chief Executive Officer  
and Director Corporate  
Services

Mr Terry Sargent

Director Regulatory and  
Community Services

Ms Jenella Voitkevich

Acting Director Engineering  
Services

Ms Gaye Stephens

Executive Assistant

Members of Public

1

Members of the Media

Nil

**2.2 Apologies**

Nil.

**2.3 Approved Leave of Absence**

Nil.

**ITEM 3 PUBLIC TIME****3.1 Public Questions**

5:32 pm Mayor opened Public Question Time.

Nil.

5:32 pm Mayor closed Public Question Time.

**3.2 Public Statements**

5:32 pm Mayor opened Public Statement Time.

Nil.

5:32 pm Mayor closed Public Statement Time.

**ITEM 4 QUESTIONS FROM MEMBERS WITHOUT NOTICE****4.1 Councillor G D Bussell**

*With the increase in salaries, are they all full-time staff or casual positions?*

Acting Chief Executive Office advised that within the increase of salaries in the budget includes fifteen (15) new staff, which was approved through Council's budget workshops; plus the figure also includes the annual increase to Council's Collective Agreement which was approximately 5-7%.

In relation to casual employees, the Acting Chief Executive Officer advised that there is a separate line item for casual employees; or the amount is included in the actual cost of the particular program that casual staff is employed for.

*As the employees budget is up by about 11% which is probably three times [the rate] than what the Town's income has grown at; is that sustainable when all the extra [income] stops when Royalties for Regions and BHP [income ceases]?*

Acting Chief Executive Officer advised that it was recognised by Council at its Budget Workshops that the Town has been understaffed in certain critical areas, such as planning and compliance. This was raised with Council at one of its earlier Budget workshops, where Town's staff recommended 11 new positions and Council indicated approval of this.

*What is the increase in PR [Public Relations] expenses for members?*

Acting Chief Executive Officer clarified that in last year's budget the Town was expecting \$55,000 expenditure in Public Relations; the actual expenditure is a decrease by \$5,000, being a total expenditure for the 2008/09 period of \$50,000.

*What does the Public Relation expenditure involve?*

Acting Chief Executive Officer advised Public Relations expenditure involves costs associated with events such as Community BBQ's, newsletters produced by the Town, Town Talk, etc.

5:35 pm Councillor J E Ford entered the room and assumed her chair.

5:35 pm Councillor K A Howlett entered the room and assumed her chair.

*Why does that come out of Elected Member's expenses?*

Acting Chief Executive Officer explained that as Public Relations is a Governance role; the Public Relations expenditure is included in Members Expenses area of the budget, as it is the promotion of the work that Council actually undertakes, not necessarily individual sections of the organisation. The intent of expenditure from the account is on facilities and services that promote the entire Council, not individual operations.

*Based on my calculations the Airport should make a profit of about \$1.2 Million, does that sound right?*

Acting Chief Executive Officer advised that over the last two (2) years, Council has made a decision to allocate 7% or %8 of the total value of the Airport, as a return on investment. In the past, the entire profit of the Airport was transferred to the Airport Reserve. In the last two years, the Airport has been valued at approximately \$19 Million, and an allocation has been made as a return on investment into Council's general funds.

*I have just subtracted the operating expenses from the operating income, so how does the overhead transfer to the administration unit affect that?*

Acting Chief Executive Officer explained the amount is a credit, which is credited to the Town. The profit made by the Port Hedland International Airport, isn't actually allocated anywhere, and therefore is included in general funds; this is then used to fund other projects within the budget.

*I've deducted the expenses from the operating revenue to get a profit figure of \$1.2 Million; so is that before or after the administration overhead is allocated, or the transfer to the general operations? When does that come out?*

Acting Chief Executive Officer advised that the administration expense is one of the Airports's operating expenditures of the Airport, so it is a direct charge of administration costs,

*So that administration charge has already been deducted?*

Acting Chief Executive Officer confirmed yes.

*What is that amount, or an approximation?*

Acting Chief Executive Officer advised [the administration overhead] is a line item listed in the accounts for the Airport

*What are [the Town's staff] working on as a forecast profit for the Airport?*

Acting Chief Executive Officer advised that on page 108 of the 2009/10 Budget document, Account Number 1210299 'Admin Cost distributed', which pays for the cost of management, etc.; and forecast to be \$338,000 for 2009/10 financial year. It is unsure if that figure is included in the Councillor's calculations.

*[NOTE: Councillor Bussell confirmed that as the amount is part of operating expenses for the Airport, it is included in his calculations.]*

*So, is that a nett amount of 1.6 Million for the Airport profit?*

Acting Chief Executive Officer advised he does not have the exact figure in regards to what the forecast profit for the Airport is, but can take the question on notice, or get back to Council with the information.

*In relation to \$6.8 Million in roads, including Hedditch Street, are there any particular expenses that stand out in this account such as new roads, or is the amount for general maintenance?*

Acting Chief Executive Officer advised that generally most of Council's expenditure on roads is the upgrade of existing roads.

*Hedditch Street is included isn't it?*

Acting Chief Executive Officer confirmed that Hedditch Street works are included in proposed budget, in both the road construction budget, and the drainage budget.

#### **4.2 Councillor G J Daccache**

*Could Council have an audit on lawyers fees that the Town has been charged concerning the MacPherson's litigation, including the actual cost to bring lawyers to Port Hedland to brief Council?*

Acting Chief Executive Office this question will be taken on notice.



**ITEM 5      DECLARATION BY MEMBERS TO HAVE GIVEN DUE  
CONSIDERATION TO ALL MATTERS CONTAINED IN THE  
BUSINESS PAPER PRESENTED BEFORE THE MEETING**

The following Members verbally declared to have given due consideration to all matters contained in the Business Paper presented before the meeting.

Cr S R Martin	Cr J E Ford
Cr A A Carter	Cr A A Gear
Cr G D Bussell	Cr J M Gillingham
Cr S J Coates	Cr K A Howlett
Cr G J Daccache	

**ITEM 6        REPORTS OF OFFICERS**

**6.1            GOVERNANCE AND ADMINISTRATION**

**6.1.1        Director Corporate Services**

5:45 pm      Councillor K A Howlett declared a financial interest in Agenda Item 6.1.1.1 '2009/2010 Budget Adoption', as she is the Manager of the Port Hedland Visitor Centre which is funded by the Town.

Councillor Howlett left the room.

200910/028 Council Decision

**Moved:**    Cr J E Ford                      **Seconded:** Cr G D Bussell

That Council suspends Standing Orders.

*CARRIED 8/0*

5:47pm      Mayor advised that Standing Orders are suspended.

5:47 pm      Councillor K A Howlett re-entered the room and assumed her chair.

5:49 pm      Councillor K A Howlett left the room.

200910/029 Council Decision

**Moved:**    Cr G J Daccache                  **Seconded:** Cr A A Carter

That Council resumes Standing Orders.

*CARRIED 8/0*

5:50 pm      Mayor advised that Standing Orders are resumed.

**6.1.1.1 2009/2010 Budget Adoption (File No.: .....)**

**Officer** Natalie Octoman  
Manager Financial Services

**Date of Report** 3 July 2008

**Disclosure of Interest by Officer** Nil

Summary

For Council to consider adopting the 2009/10 Annual Budget.

Background

The 2009/10 Budget has been produced over the last four months, principally as a result of three budget workshops conducted with Council and Senior Management, along with additional information provided at an informal Council briefing session.

The Statutory Budget (attached) is produced to meet Council's statutory reporting requirements, as dictated by the Local Government Act 1995, and associated Local Government (Financial Management) Regulations 1996. To assist users, the document also contains detailed account listings.

Consultation

Apart from the Council workshops on the Budget, the public has been invited to participate in the budget on a number of occasions, principally:

- invited to submit budget requests and proposals;
- invited to comment on the proposed fees and charges; and
- invited to comment on the proposed rates in the dollars and minimum rates.

Statutory Implications

Local Government Act 1995

*6.2 . Local government to prepare annual budget*

*(1) Not later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt\*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.*

*\* Absolute majority required.*

*(2) In the preparation of the annual budget the local government is to have regard to the contents of the plan for principal activities accepted by a local government under section 5.58 and to prepare a detailed estimate for the current year of -*

*(a) The expenditure by the local government;*

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

### Policy Implications

The Budget document has been developed in accordance with Council Policy 2/100 Significant Accounting Policies.

### Strategic Planning Implications

The Budget has been developed with reference to the 2008-2013 Plan for the Future. Cross referencing of strategies with budget allocations has been undertaken to ensure that funds have been allocated to achieve the objectives and goals of the plan.

### Budget Implications

The Annual Budget is the primary means for a Local Government to manage and allocate its financial resources. The Budget also provides the ability to impose rates, which is the primary means for a Council to raise income to fund the upcoming year's projects. Should Council not adopt the budget at this time, the issuing of rates will be delayed and alternate means of funding major projects in 2009/10 will need to be investigated.

### Officer's Comment

#### *General*

Council has prepared its 2009/10 budget, and subsequent rate charges based on the same principals used in its 2008/09 budget, which was based on the community survey results and the Council Plan for the future. Though there is significant Council expenditure for 2009/10, much of this increase is funded externally, reducing pressure to increase rates significantly. Though this budget will provide the financial resources needed to pay for these projects, careful management is still required to source and administer the physical resources needed to achieve the budget objectives.

#### *Rates*

Council has continued to progress the use of differential rates to ensure the sections of the community which will benefit most from the proposed infrastructure upgrades will help fund its development. Generally residential rates have increased by 5.0%, although an average increase of 3.7% was initially used being the Perth CPI for October 2008 – December 2008. Mining rates have however increased by 25%, as this sector is directly responsible for the majority of growth within the district. This growth can only be sustained with the improved infrastructure proposed in the budget.

Additionally, Council has proposed to make a standard minimum rate of \$653 across all rating categories, being a \$23 increase from 2008/09. By making one minimum rate, Council is demonstrating the view that all properties, regardless of improvement, require a minimum/standard availability of services and activities.

As per Council's June Resolution, the Rates in the Dollars and Minimum Rates have been advertised, and no submissions were received by the close of advertising on 20 July 2009. On 21 July, the Department of Local Government also approved the new rates for 2009/10.

#### *Operating Surplus*

In 2009/10, Council is predicting a \$36.152m operating surplus, based on estimated operating revenue and expenditure. The majority of Council total revenue (\$64.638m) consists of:

Grants from Government (operating and non operating)	\$30.939m
Rates	\$11.206m
Fees and Charges (majority from airport and waste services)	\$12.900m
Contributions from private organisation (including \$5.5m from BHP Billiton – noting that \$2.5m of the total \$8.0m relating to 2009/10 projects was received in 2008/09)	\$7.038m

This reflects a 49.14% increase from 2008/09 however, rates for residential properties have only increased on average by 5.0%, representing Council's continued ability to source alternative funding.

Alternatively, Council total operating expenses (\$28.487m) have increased by 13.5%. As per Council financial plan, the administration has tried to cap operating expenditure to 2008/09 levels. The only major increases are the provision of 18 new staff positions, increases associated with a new Collective Agreement/salary negotiations, and general increases in fuel, utilities and materials.

#### *Capital Projects*

In 2009/10 Council is proposing an ambitious capital works program of \$63.495 million.

The Budget contains the following capital (Non-Operating) expenditure:

Buildings	\$35.868m
Park	\$15.265m
Roads	\$6.798m
Footpaths	\$2.149m
Plant & Equipment	\$2.726m
Drainage	\$0.373m
Furniture & Equipment	\$0.266m
Land	\$0.050m

Of this \$37.604m reflects new projects with the balance of \$25.890m being uncompleted works from 2008/09 along with items that were approved as part of the five year plan and plant replacement program. Much of this proposed work has only been achievable by Contributions from Non Government Organisations (BHP Billiton, Newcrest Mining) of \$5.630m and Grants from the State and Federal Government of \$23.103m. As Council has effectively capped rates increases to CPI, Loan funds (\$2.200m) and Reserve funds (Net \$6.671m) are required to fund these massive capital projects.

Once these projects are completed, residents and ratepayers should see a significant change in the Port Hedland landscape, principally in the provision of road and recreational infrastructure, identified as a needed improvement in last year's community survey.

#### *Carry Forwards*

As noted previously, the Budget contains both expenditure and income initially budgeted in 2008/09. These items are essentially uncompleted projects from last year. The Town of Port Hedland, like many other organisations in the Pilbara was unable to finalise many projects simply due to limited resources available in the boom economy of the Pilbara. Council has no option but to carry forward \$20.462 expenditure, which is offset by \$17.579m of associated revenue (tied grants etc), with the balance (\$2.883m) being funded from Council 2008/09 Forecast Cash Surplus. This cash surplus represents Council's estimated cash position at the time of budget preparation. This figure will be finalised as part of the 2008/09 Annual Accounts, which will be audited later this year.

#### **The Budget Document**

The Budget Document represents effectively four (4) months work in bringing the total budget together and meets the expectations of both Council and the Administration.

Due to the Financial Management regulation requirements, the Statutory Budget Document is similar to the Annual Financial Statements, having to meet various accounting and statutory reporting requirements. The budget is currently in balance (based

on the below recommendations) and any changes will require the document to be amended.

As Council is aware, the Town performs budget reviews, which allows the Budget to be “flexed” as a result of changing situations. Should Council wish to amend the proposed budget, this is easier done at the Budget Review process, requiring less statutory reporting and/or advertising to occur. Should any proposed change result in a change in the rates, all rate notices will require additional disclosure information, which will delay Council in charging and therefore collecting rates.

200910/030 Council Decision/Officer’s Recommendation – En Block Resolution No. 1

**Moved:** Cr A A Carter

**Seconded:** Cr J E Ford

That Council adopts en bloc the Officer’s Recommendations 1 to 13 inclusive of Agenda Item 6.1.1.1 ‘2009/010 Budget Adoption’.

*CARRIED BY ABSOLUTE MAJORITY 8/0*

#### Recommendation 1

That Council imposes general and differential rates on Gross Rental Values and on Unimproved Values as permitted by the Local Government Act 1995 for the financial year 2009/10 as follows:

Rate Category	Cents in the Dollar
General Rates – Gross Rental Values	
GRV Residential	4.1000
GRV Commercial	4.8810
GRV Industrial	4.1000
GRV Shopping Centre	8.2000
GRV Ex Gratia	4.1000
Differential Rates – Unimproved Valuations	
UV Mining Improved	23.6711
UV Mining Vacant	23.6710
UV Pastoral	11.8374
UV Other	11.8374
UV Other Vacant	11.8373

and for the purpose of general and differential rating, the following rate zone categories apply:



**Residential**

Includes all properties within the Town boundaries, classified for residential use in Town Planning Scheme No.5, Port Hedland.

**Commercial**

Includes all properties within the Town boundaries, classified for commercial use (excluding properties classified as Shopping Centre) in Town Planning Scheme No.5 Port Hedland.

**Industrial**

Includes all properties within the Town boundaries, classified for industrial use in Town Planning Scheme No.5 Port Hedland.

**Shopping Centre**

Includes properties located as Lot 4 Throssell Road, South Hedland and Lot 724 Wilson Street Port Hedland.

**Ex Gratia**

Includes all Government properties within the Town boundaries leased by the Commonwealth to third parties.

**Mining Improved**

Includes all properties that currently operate under a mining lease tenure, and the land is significantly improved.

**Mining Vacant**

Includes all properties that currently operate under a mining lease tenure, and the land is not significantly improved.

**UV Pastoral**

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

**UV Other**

Includes all properties that don't meet the criteria of any other rate zoning category and are significantly improved.

**UV Other Vacant**

Includes all properties that don't meet the criteria of any other rate zoning category and are not significantly improved.

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 2

That Council, in accordance with section 6.32 of the Local Government Act 1995, imposes minimum rates according to the purpose for which the land is zoned or used and whether or not it is improved land as follows:

Rate Category	Minimum Rates
General Rates – Gross Rental Values	
GRV Residential	\$653.00
GRV Commercial	\$653.00
GRV Industrial	\$653.00
GRV Shopping Centre	\$653.00
GRV Ex Gratia	\$653.00
Differential Rates – Unimproved Valuations	
UV Mining Improved	\$653.00
UV Mining Vacant	\$653.00
UV Pastoral	\$653.00
UV Other	\$653.00
UV Other Vacant	\$653.00

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 3

That Council, in accordance with regulation 64(2) of the Local Government (Financial Management) Regulations 1996, nominates the following instalment dates for the payment of rates for the 2009/10 financial year:

11 September 2009	Payment in full or 1 <sup>st</sup> instalment
13 November 2009	2 <sup>nd</sup> Instalment
13 January 2010	3 <sup>rd</sup> Instalment
18 March 2010	4 <sup>th</sup> Instalment

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 4

That in accordance with Section 6.47 of the Local Government Act 1995, 100% rating concessions be granted to the following:

- i) A130114 - Sub Lot of 5812 Reserve 39012, South Hedland - Lotteries House
- ii) A127580 - 6 Anderson Street, Port Hedland - Business Enterprise Centre
- iii) A406870 - Lot 2916 Stanley Street, South Hedland - Youth Involvement Centre
- iv) A106284 - 9 Hamilton Street, South Hedland - Benara Maya Hostel
- v) A130290 - Lot 5915 McGregor Street, Port Hedland - Freemasons Homes for Aged
- vi) A156300 - Lot 4508 Shoata Road, South Hedland - Port Hedland Pistol Club
- vii) A156260 - Location 118 of Forrest Location, Port Hedland - Port Hedland Speedway Club
- viii) A802207 - Lot 2466 Lawson Street, South Hedland - Youth Involvement Centre
- ix) A156550 - Lots 55 56 & 57 McKay Street, Port Hedland - Volunteer Marine Rescue Service
- x) A113872 - Lot 43, 10 Steamer Ave, South Hedland - Baptist Church Manse
- xi) A802155 - Lot 5164 Shoata Road, South Hedland - South Hedland Owners & Trainers
- xii) A803501 - Lot 309 Hamilton Road, South Hedland - Wangka Maya Language Centre
- xiii) A106282 - 1-5 Hamilton Road, South Hedland - Wirraka Maya Health Service
- xiv) A113807 - 3 Daylesford Close, South Hedland - Wirraka Maya Health Service
- xv) A116100 - 9 Morgans Street, South Hedland - Wirraka Maya Health Service

and that 50% rating concessions be granted on the following:-

- i) A154780 - 4 Treloar Street, South Hedland - Treloar Child Care Centre
- ii) A402430 - Lot 2513 Dempster Street, Port Hedland, Len Taplin Centre

The total value of concessions for 2009/10 is \$103,150.

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 5

That Council:

- i) in accordance with Section 6.51 of the Local Government Act 1995, impose interest at 11% per annum calculated on a daily basis on rates and service charges, excluding underground power service charge and sundry debtors, remaining unpaid (excluding eligible pensioners opting to defer the payment of their rates) if no installment option taken.
- ii) in accordance with Section 6.51 of the Local Government Act 1995, impose interest at 6.41% per annum calculated on a daily basis on underground power service charge remaining unpaid (excluding eligible pensioners opting to defer the payment of their rates).

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 6

That Council, in accordance with section 6.45(3) of the Local Government Act 1995 and Regulation 67 of the Local Government (Financial Management) Regulations 1996, impose administration fees as follows (excluding eligible pensioners and underground power service charges):

- i) Payment of rates and service charges by instalments - \$11.40 plus interest at 5.5% per annum calculated daily.
- ii) Payment of rates and service charges by alternative instalment arrangement or a late payment penalty - \$57.00 per arrangement plus interest at 5.5% per annum calculated daily.

## Recommendation 7

That the following Refuse Collection Charges under Section 41 of the *Health Act 1911*, be imposed for the 2009/10 year:

- i) an Annual Classic Collection Charge of \$200.00 for one (1) service per week, verge collection of waste from a 240 Litre Mobile Garbage Bin; and
- ii) an Annual Premium Collection Charge of \$400.00 for one (1) service (i.e. per bin emptied of waste each week) for the collection of waste from a 240 Litre Mobile Garbage Bin, where the bin is manually picked up from the property, emptied and returned.

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 8

That Council adopts the proposed fees and charges for 2009/10 as contained within pages A1 to A13 of the 2009/10 Budget Document.

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 9

That Council, in accordance with section 6.20 of the Local Government Act 1995, raises the following loans in 2009/10:-

Staff Housing – Morgan St (carry forward)	\$2,500,000
Multi-Purpose Recreation Centre	\$2,200,000
Staff Housing – Airport (carry forward)	\$1,500,000
JD Hardie Upgrade (carry forward)	\$ 800,000
Marquee Park (carry forward)	\$ 830,000
Water Corporation Loan (carry forward)	\$ 650,000
Yacht Club Self Supporting Loan (carry forward)	\$ 350,000

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 10

That Council adopts the following Councillor fees and allowances for 2009/10:

Meeting Fees (x1 for Councillors, x2 for Mayor)	\$ 7,000
Communication Allowance	\$ 2,400
IT Allowance (or access to a laptop)	\$ 1,000
Mayoral Allowance	\$60,000
Deputy Mayor Allowance	\$15,000

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 11

That Council, in accordance with Section 6.11 of the Local Government Act 1995, deletes the following reserves:

Bushfire Management Reserve  
Cattleyard Reserve  
Public Open Space Reserve  
Planning Projects Reserve  
Oval Development Reserve  
BHP Billiton – TOPH Alliance Reserve  
Planning Permeability Reserve  
Civil/Building Infrastructure Reserve

*CARRIED BY EN BLOC RESOLUTION NO. 1*

## Recommendation 12

That Council adopts the following percentage or dollar value for determining and reporting material variances as follows:

1. 10% of the Function amended budget; or
2. \$100,000 of the Function amended budget

whichever is the lesser, for the following categories of revenue and expenditure:

- a. Operating Revenue
- b. Operating Expenditure
- c. Non-Operating Revenue
- d. Non-Operating Expenditure

*CARRIED BY EN BLOC RESOLUTION NO. 1*

Recommendation 13

That Council adopts the Statutory Annual Budget for the year ending 30 June 2010, including the Rate Setting Statement requiring \$11,206,233 rates to be raised (as presented).

*CARRIED BY EN BLOC RESOLUTION NO. 1*

5:51 pm Councillor K A Howlett re-entered the room and assumed her chair. Mayor advised Councillor Howlett of Council's decision.

5:53 pm Councillor G J Daccache declared an impartiality interest in Agenda Item 6.1.2.1. 'Tender 09/10: Transient Workers Accommodation Land Lease – Port Hedland International Airport', as his wife works for Auzcorp. He disclosed that he has an association with the applicant and that as a consequence, there may be a perception that his impartiality on the matter may be affected. Cr Daccache declared that he will consider this matter on its merits and vote accordingly.

Councillor G D Daccache did not leave the room.

**6.1.2 Governance****6.1.2.1 Tender 09/10: Transient Workers Accommodation Land Lease – Port Hedland International Airport (File No.: ...)**

**Officer** Matthew Scott  
Acting Chief Executive Officer

**Date of Report** 24 July 2009

**Disclosure of Interest by Officer** Nil

**Summary**

For Council to consider submissions for Tender 09/10: Land Lease available at the Port Hedland International Airport for Transient Work Force Accommodation.

**Background**

At the May Ordinary Meeting of Council, Council approved the advertising of a tender to dispose of a portion of the Port Hedland International Airport (lot 2444):

*Minute 200809/347*

*“That Council:*

- 1) Authorise the CEO (or his delegate) to commence the tender process to dispose of portion of Port Hedland lot 2444 (as per the attached diagram), by way of a tender, at the rental cost of \$6.30/m<sup>2</sup> pa + GST (indexed annual by Perth CPI), for a period of 5 years with the lease period commencing on the 11 September 2009.*
- 2) Approve the following Tender Evaluation Criteria:*
  - a) Meeting tender scope (10%)*
  - b) Experience (5%)*
  - c) Quality of development (20%)*
  - d) Facility Transition and Project Delivery (15%)*
  - e) Financial Plan (10%)*
  - f) Residual improvements (20%)*
  - g) Community Benefits (20%)**TOTAL = 100%”*

The proposed lease site has been leased to The Pilbara Infrastructure P/L (TPI, a subsidiary of FMG) for the last three (3) years. TPI's lease expires on the 10 September 2009.



As opposed to Council's previous practice in tendering out leases, this tender was focused on maximising community benefit, rather than financial return to Council.

Tender 09/10 was advertised on 10 June 2009, and Council received 12 requests for tender documents.

On the 8 July 2009 Council formally received tenders from three parties:

- Auzcorp Pty Ltd
- Compass Group Pty Ltd (2 options)
- Kooyong Joint Venture

All tenders have been deemed conforming.

Consultation

Acting Chief Executive Officer  
Director Regulatory and Community Services  
Manager Planning Services  
Mr Ian Taylor, Consultant (Special Projects)  
McLeods Barristers & Solicitors

Statutory Implications

Section 3.58 – Disposing of Property in accordance with the Local Government Act 1995 (as amended)

*“3.58. Disposing of property*

*(1) In this section —*

*“dispose” includes to sell, lease, or otherwise dispose of, whether absolutely or not;*

*“property” includes the whole or any part of the interest of a local government in property, but does not include money.*

*(2) Except as stated in this section, a local government can only dispose of property to —*

*(a) the highest bidder at public auction; or*

*(b) the person who at public tender called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender. “*

**Policy Implications**

Nil

Strategic Planning Implications

The following strategy is listed within the Town's Plan for the Future is relevant to this matter:

*“Actively pursue the generation of income from a variety of sources at the Airport including through leases, rentals, advertising, freight and any other means.”*

#### Budget Implications

All tenders have confirmed acceptance of the \$6.20 per m<sup>2</sup>, indexed annually by CPI, for the length of the lease. This generates \$176,022 in the first year of the lease, and potentially \$916,025 over the total term (assuming 2% CPI per annum).

#### Officer's Comment

#### *Tender Appraisal*

The tenders were evaluated using the following criteria as shown in the Tender documents, which was resolved by Council:

#### *Meeting Tender Scope (10%)*

- How the proponent/lessee plans to ensure that the facility is used by multiple users.
- How 'affordability' will be ensured for tenants.

#### *Experience (5%)*

Details of their experience in operating similar facilities to the one proposed in this lease.

#### *Quality of Development (20%)*

- Relevant sketches and images to a standard of accuracy that can be attached as an addendum to the final agreement.
- Information regarding the management structure for the development proposal during the construction and operational phases of the facility.
- Details pertaining funds that have been allocated for major items associated with the development including any allowances that have been made for landscaping, civil works, infrastructure upgrades, building infrastructure, etc.

#### *Facility Transition and Project Delivery (15%)*

- How the transition will be managed;
- Proposed construction timeframes (including any approvals processes necessary) for the development;
- How existing tenants of the facility will be catered for in the event that there needs to be a period where the facility is non-operational.

*Financial Plan (10%)*

- Capital costs;
- Operating costs (inc maintenance);
- Incomes anticipated.

*Residual Improvements (20%)*

- Improvements or portion of the development will remain on site at the expiry of the lease term.
- Information provided should include an estimated value of the residual improvements.

*Community Benefits (20%)*

- How the development will be integrated into the greater Port Hedland District community;
- What tangible or physical “community benefit” will be realised or provided during the operation of the development including short-term and long-term benefits;
- The financial commitments that are being offered as a component of the tender that will serve to benefit the residents of the Town of Port Hedland along with the timing of such expenditure;
- The extent of the community’s ability to access services and facilities included within the development.

*Evaluation Panel*

Given that the tender was based on a fixed price (\$6.20 per square metre), it was deemed unnecessary to engage expert external financial advice, as opposed the recent 1,200 bed Transient Workforce Accommodation Tender (awarded in May 2008).

The evaluation panel consisted of the Town’s Acting Chief Executive Officer Mr Matthew Scott, Director Regulatory and Community Services, Mr Terry Sargent, and Consultant (Special Projects), Mr Ian Taylor.

*Summary*

The following table summarizes the scores that the tender evaluation panel gave each tenderer.

Criteria	Weight	Auzcorp	Compass 1	Compass 2	KVJ
Meeting Tender Scope	10	7.00	6.50	5.50	9.00
Experience	5	4.50	5.00	5.00	2.00
Quality of Development	20	18.00	14.50	12.50	10.00
Transition and Delivery	15	10.00	10.00	10.00	15.00
Financial Plan	10	10.00	10.00	10.00	10.00
Residual Improvements	20	14.00	19.00	20.00	10.00
Community Benefit	20	18.50	8.13	6.63	7.76
Total	100	82.00	73.13	69.69	63.76

*Meeting Tender Scope (10%)*

All tenders meet the general requirements of the tender document and confirm acceptance of the land rental and lease term. Access for multiple users and general affordability was considered as important component of this criterion.

KVJ offered the most options to ensure that no one user had access to the camp, and proposes to have the lowest priced full service rooms. Based on this they were awarded the highest score

*Experience (5%)*

The tender process was aimed at attracting only the most professional companies in the industry. The process achieved this objective; subsequently high scores were achieved by the majority of tenderers; excepting the Kooyong Joint Venture, which is a reasonably new entrant in the TWA market.

*Quality of Development (20%)*

The quality of the development assessment was based on meeting the needs of Transient Workers Accommodation, and delivering something that would complement the Port Hedland International Airport's facilities, given the proximity to the Airport Terminal.

Auzcorp was awarded the highest scores on the basis of diversity in accommodation options and overall design of the camp.

*Facility Transition and Project Delivery (15%)*

The transition and delivery was divided into equal parts between how it will be managed, construction timeframes and catering for existing tenants. Given that KVJ plans to effectively use the existing camp, they were given the maximum points available.

The other tenders had reasonable proposals in this area, and the ability to move existing tenants temporary into other camps, however, it still involved managing a transition from the existing camp (FMG), and therefore a lower score was given.

*Financial Plan (10%)*

All tenderers provided the required financial plans, and cost structures, and therefore all were given the maximum points available.

*Residual Improvements (20%)*

Residual Improvements was considered on the value of the improvements transferred to the Town of Port Hedland at the end of the lease. All tenders provided for effectively the underground and landscaping to be transferred TOPH at the end of the lease.

Compass (option 2) scored the highest by having the highest residual value and the option for all assets transferred to Town of Port Hedland, on the basis that they would continue to manage the operations (similar to the Port Haven proposal).

*Community Benefits (20%)*

Community Benefit was always a significant focus of this tender, and however the most subjective to score. In scoring this criteria the evaluation panel equally considered, community integration, tangible benefits, actual financial commitment and community access. It is clear that each tender had different views on what a community benefit is and its value.

Facilities and services that would be required for any TWA, but simply made available to the public was not considered a community benefit, but simply a cost sharing activity. Also conditional community access to the camp is only a benefit if the required condition occurs; therefore these types of proposals were discounted in the evaluation.

Auzcorp scored the highest score, by providing:

- \$350,000 per annum unconditional contribution to the Town of Port Hedland for community projects;
- An automatic public toilet (valued to \$150,000);
- Access conference and training facilities;
- Free year round access to the Royal Flying Doctors Service (2 rooms);
- Coffee shop for Port Hedland International Airport patrons;
- Shuttle service access for patrons and public.

#### *Conclusion*

Although all tenders had the highest score in different criteria, Auzcorp scored the overall highest score, 82 out of a possible 100, and therefore is recommended as the preferred tenderer to Council.

As previously reported, all tenders have been deemed conforming. This being said, the tender is for a land lease, and Auzcorp will be required to receive planning and building approval before any physical development can occur on the lease. Also, although Auzcorp has agreed to the general terms of the proposed lease, there will still need to be some negotiation in finalising the details (dates, payment terms, etc) in the lease document.

Given that there is no relationship between Auzcorp and TPI (current lessee); there may be a "holding over" period after the 10 September 2009 (expiry of the lease) as there may be some negotiations between the two parties over the transition process. A maximum timeframe of three (3) months has been provided for these negotiations and the removal of any present improvements. During this holding over period, market rental is applicable to Council from the lessee (TPI).

#### *Attachments*

Nil.

200910/031 Council Decision/Officer's Recommendation

**Moved:** Cr A A Gear

**Seconded:** Cr A A Carter

That Council:

- D) advise the Auzcorp that they are the preferred tenderer for Tender 09/10 Land Lease available at the Port Hedland International Airport for Transient Workforce Accommodation; and
- ii) authorise the Chief Executive Officer or his nominated officer to finalise a land lease with Auzcorp; and
- iii) Receive a further report on leasing arrangements once negotiations/discussions have finalised.

*CARRIED 9/0*

**6.1.2.2 Confirmation of Minutes of Ordinary Meeting of Council held on Wednesday 24 June 2009**

Officer's Recommendation

That the Minutes of the Ordinary Meeting of Council held on Wednesday 24 June 2009 be confirmed as a true and correct record of proceedings.

200910/032 Council Decision

**Moved:** Cr A A Carter

**Seconded:** Cr G D Bussell

That the Minutes of the Ordinary Meeting of Council held on Wednesday 24 June 2009 be confirmed as a true and correct record of proceedings, with the correct recording of Elected Members who Moved and Seconded Agenda Item 11.2.2.1 'Proposed Single House – Shed (Outbuilding) Addition at Lot 3518 (6) Dongara Place, South Hedland' recorded on page 66 being amended to read as follows:

“200809/378 Council Decision/Officer's Recommendation

Moved: Cr K A Howlett      Seconded: Cr J E Ford”

*CARRIED 9/0*

*REASON: Council corrected the vote recorded for Item 11.2.2.1 on page 66 of those minutes.*

**6.1.2.3 Confirmation of Minutes of Special Meeting of Council held on Monday 29 June 2009**

200910/033 Council Decision Officer's Recommendation

**Moved:** Cr A A Carter

**Seconded:** Cr G D Bussell

That the Minutes of the Special Meeting of Council held on Monday 29 June 2009 be confirmed as a true and correct record of proceedings.

*CARRIED 9/0*

**ITEM 7 CLOSURE**

**7.1 Closure**

There being no further business, the Chairman declared the meeting closed at 5:55 pm.



Declaration of Confirmation of Minutes

I certify that these Minutes were confirmed by the Council at its Ordinary Meeting of 26 August 2008.

CONFIRMATION:

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
DATE