

# LATE ITEMS

Dear Commissioner

I respectfully advise that **ORDINARY COUNCIL MEETING** will be held in the **Council Chambers, Civic Centre, McGregor St, Port Hedland**, on **Wednesday, 27 November 2019**, commencing at **5:30pm**.

LATE ITEMS ATTACHED

Yours faithfully



David Pentz  
Chief Executive Officer

22 November 2019

## Order Of Business

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**Item 14 New Business of an Urgent Nature (Late items)**

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<b>14.1</b>	<b>STATEMENT OF FINANCIAL ACTIVITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019</b>
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**Author:** Management Accountant  
**Authorising Officer:** Director Corporate Services  
**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

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**OFFICER'S RECOMMENDATION**

That Council

1. Receive the Statement of Financial Activity for the period ended 30 September 2019;
2. Receive the Material Variance Report;
3. Note the Accounts paid under delegated authority for the period ended 30 September 2019; and
4. Receive the Credit Card Statements for the period ended 30 September 2019.

*SIMPLE MAJORITY VOTE REQUIRED*

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**PURPOSE**

The purpose of this report is for Council to consider the Statement of Financial Activity for the period ended 30 September 2019. Supplementary information is also presented to Council to provide further information regarding the Town's activities.

**DETAIL**

The information provided in this report is for the period ended 30 September 2019, with financial results included in Attachment 1. Statement of Financial Activity Notes 1-10 prepared by the Town of Port Hedland.

The Town wants to highlight the accounts presented with this agenda are based on 2018/19 unaudited statements, with the previous financial year effecting the opening position. While the statements are currently accurate the financials are subject to change based on further changes required to close out the financial year. The auditors may request changes to be made during their review. This will result in differences between the financials attached and the financial statements presented for financial year 2018/19.

The Town of Port Hedland financial activity reports use a materiality threshold to measure, monitor and report on financial performance and position of the Town.

As part of the 2019/20 original budget, Council adopted the following thresholds as levels of material variances for financial reporting.

1. With regards to expenditure classified as capital projects, a variance of 10% or \$10,000, whichever is greater, of the year to date budget, with individual project as the level that requires explanation.
2. With regards to all other items excluding capital projects identified above, a variance of 10% or \$50,000, whichever is greater, of the year to date budget, with Nature and Type as the level that requires explanation.

Commentary is provided on variances as details above as per Attachment 2 NOTE 10. Explanation of Material Variances.

The opening funding surplus of \$2.9M presented in YTD Actual on the Statement of Financial Activity is as per the closing surplus currently forecasted for June 2019 financial statements which are unaudited.

The net current asset position as at 30 September 2019 was \$41.3M. The breakdown of the cash position is displayed below:

	2019/20 Actuals
Current Assets: Cash and Investments	\$22.8M
Restricted Cash – Reserves	\$232.0M
Unrestricted Cash Position as at 30 September 2019	\$22.8M

#### *Previous Decision*

The Statements of Financial Activity are presented to Council each month for noting.

#### **LEVEL OF SIGNIFICANCE**

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance, because this report is presented to Council for information purposes only.

#### **CONSULTATION**

##### *Internal*

All consultation and engagement is conducted internally.

##### *External Agencies*

Nil

##### *Community*

Nil

#### **LEGISLATION AND POLICY CONSIDERATIONS**

Section 6.4 of the *Local Government Act 1995* and Regulation 34 of the *Local Government (Financial Management) Regulations 1996* detail the form and manner in which a local government is to prepare its statement of financial activity.

## FINANCIAL AND RESOURCES IMPLICATIONS

The statement of financial activity is to be supported by such information as is considered relevant by the local government containing;

- a. an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets; and
- b. an explanation of each of the material variances referred to in sub-regulation (1)(d); and
- c. supporting information as is considered relevant by the local government.

Reserves:

Ensure compliance will section 6.11 of the *Local Government Act 1995* when reserve accounts are utilised.

## STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following sections of the Town's Strategic Community Plan 2018-2028 are applicable in the consideration of this item:

- 4.b.1 Sound long-term financial planning is implemented
- 4.b.2 Transparent and regular financial reporting and communication to the community is undertaken
- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

There are no significant identifiable environmental, social or economic impacts relating to this item.

## RISK MANAGEMENT CONSIDERATIONS

There is a financial risk associated with this item because a reduction in income or increase in expense throughout the 2019/20 financial year is likely to have an impact on the Town's ability to meet service levels or asset renewal funding requirements. The risk action plan is to monitor revenue and expenditure on a regular basis ensure in line with budget and amend as needed. The risk rating is considered to be medium (6), which is determined by a likelihood of unlikely (2) and a consequence of moderate (3).

## THIS RISK WILL BE REDUCED BY THE ADOPTION OF THE OFFICER'S RECOMMENDATION.OPTIONS

### *Option 1 – Adopt officer's recommendation*

Note the Statement of Financial Activity and reports for the period ended 30 September 2019 in accordance with *regulation 34(1) of the Local Government (Financial Management) Regulations 1996*.

### *Option 2 – Amend officer's recommendation*

That Council receive the Statement of Financial Activity for the period ended 30 September 2019 and request further information or clarification.

*Option 3 – Do not adopt officer’s recommendation*

That Council do not note or receive the Statement of Financial Activity for the period ended 30 September 2019.

**CONCLUSION**

The opening funding surplus of \$2.9M presented in YTD Actual on the Statement of Financial Activity is as per the closing surplus presented in the unaudited financial statements. The net current asset position was \$41.3M.

Variances in operating revenue and expenditure are addressed in detail in *Attachment 2 NOTE 11. Explanation of Material Variances*. The net current asset position will decrease as operating and capital budgets are expended throughout the year.

**ATTACHMENTS**

1. Statement of Financial Activity Notes 1-10 (under separate cover)
2. Material Variance Report Note 11 (under separate cover)
3. Accounts paid under delegated authority listing (under separate cover)
4. Credit Card Statements for period ended 30 September 2019 (under separate cover)

**14.2 ADOPTION OF THE 2018/19 ANNUAL REPORT AND SETTING THE DATE OF THE ANNUAL GENERAL MEETING OF ELECTORS**

**Author:** Manager Marketing, Events and Communications  
**Authorising Officer:** Director Community Services  
**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

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**OFFICER'S RECOMMENDATION**

That Council:

1. Adopt the 2018/19 Annual Report as per Attachment 1 in accordance with section 5.53 of the *Local Government Act 1995*;
2. Note that immaterial changes were made to the Annual Financial Statements and an additional finding "Transfers from the PHIA Long Term Lease Proceeds Reserve" was added to the Closing Report subsequent to endorsement by the Audit, Risk and Governance Committee Meeting on 12 November 2019.
3. Advertise the Annual General Meeting of Electors giving at least 14 days local public notice in accordance with section 5.29 of the *Local Government Act 1995*;
4. Hold the Annual General Meeting of Electors at 5.00pm on Thursday 19 December 2019 in Council Chambers at the Civic Centre; and
5. Advertise the availability of the 2018/19 Annual Report in accordance with section 5.55 of the *Local Government Act 1995*.

***SIMPLE MAJORITY VOTE REQUIRED***

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**PURPOSE**

The purpose of this report is for Council to consider the adoption of the 2018/19 Annual Report and confirm the date of the Annual General Meeting of Electors to be held in Council Chambers on Thursday 19 December 2019.

**DETAIL**

In accordance with section 5.53 of the *Local Government Act 1995*, the 2018/19 Annual Report has been prepared, summarising the previous year's achievements and includes specific statutory requirements.

An external audit has been completed by RSM on the Town's financial statements for the 2018/19 financial year. The process for adopting the Annual Report is as follows:

1. On 12 November 2019 the Audit, Risk and Governance Committee endorsed to Council the Audited Annual Financial Report, Independent Auditor's Report, Closing Report and Management Letter of Audit Findings for the 2018/19 financial year.

2. Subsequent to the Audit, Risk and Governance Committee meeting, immaterial changes were made to the Annual Financial Statements and an additional finding “Transfers from the PHIA Long Term Lease Proceeds Reserve” was added to the Closing Report.
3. Council is to adopt the Annual Report, inclusive of the Annual Financial Statements.

Key highlights and achievements, as noted in the 2018/19 Annual Report include:

- The in-house management of leisure facilities including Wanangkura Stadium, Gratwick Aquatic Centre and South Hedland Aquatic Centre.
- The rating strategy adopted in 2018 fundamentally changed how the Town collects rates yields, with the mining and industrial categories paying a more significant share than previous years.
- The introduction of the Twilight Movie Series.
- Commercial property upgrades including oval turf renewals, upgrades to ablutions and the refurbishment of Gratwick Hall.
- The adoption of the Town of Port Hedland Waste Strategy.
- Completion of the Cassia Footbridge in South Hedland, providing better usability and accessibility in the area.
- The adoption of the Coastal Hazard Risk Management Adaptation Plan.

The 2018/19 Annual Report forms the main item of business to be discussed at the Annual General Meeting of Electors which is proposed to take place on Thursday 19 December 2019. Section 5.27 of the *Local Government Act 1995* requires the Annual General Meeting of Electors to be held on a day selected by the local government, but not more than 56 days after the Annual Report is accepted. The Town will invite members of the public to attend and a public notice will be published.

## LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is considered to be of medium significance, because it is a statutory document which outlines the Town’s activities and highlights for the 2018/19 financial year.

## CONSULTATION

### *Internal*

All Directors, Managers and relevant Officers were consulted during the development of the 2018/19 Annual Report.

### *External Agencies*

Nil

### *Community*

Nil

## LEGISLATION AND POLICY CONSIDERATIONS

Section 5.27 of the *Local Government Act 1995* sets out the requirements for an elector’s general meeting to be held once every financial year and this meeting must be held within 56 days of the Annual Report being accepted by Council.



Regulation 15 of the *Local Government (Administration) Regulations 1996* details the matters for discussion at the Annual General Meeting of Electors. They include the contents of the Annual Report for the previous financial year and then any other general business.

Section 5.29 of the *Local Government Act 1995* requires for a local public notice to be given stating details of the Annual General Meeting of Electors.

Section 5.53 of the *Local Government Act 1995* provides for the Annual Reports to contain certain provisions which have been included in the Town's 2018/19 Annual Report.

Section 5.54 of the *Local Government Act 1995* states that the Annual Report for the financial year must be accepted no later than 31 December after that financial year.

Section 5.55 of the *Local Government Act 1995* states that the Chief Executive Officer is to give local public notice of the availability of the Annual Report as soon as practicable after the report has been accepted by the local government.

There are no Town policies to consider in relation to this item.

## FINANCIAL AND RESOURCES IMPLICATIONS

Limited copies of the 2018/19 Annual Report will be printed. The costs associated with printing have been accounted for in the 2019/20 annual budget.

## STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following sections of the Town's Strategic Community Plan 2018-2028 are applicable in the consideration of this item:

- 1.b.1 Newcomers to Port Hedland are provided with inductions, information and opportunities to engage and get involved
- 1.b.2 A residential workforce is promoted to industry as the preferred option
- 1.b.3 Forums and activities to give a voice to youth, people with a disability, ageing, Aboriginal and Torres Strait Islander, and Culturally and Linguistically Diverse people are recognised and supported
- 1.b.4 Regular opportunities for the broad community to have input into the Town of Port Hedland plans and programs are provided for transparency, accountability and two-way interaction
- 1.b.5 Opportunities to get involved and results of engagement are regularly promoted
- 4.b.1 Sound long-term financial planning is implemented
- 4.b.2 Transparent and regular financial reporting and communication to the community is undertaken
- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken
- 4.b.4 Constructive forums are provided for discussion and the representation of the diversity of views and needs that impact on the Town's developments, programs and policies
- 4.c.1 High quality and responsive customer service is provided
- 4.c.2 Community members, business and tourists are engaged to provide feedback about local facilities and services
- 4.c.3 Innovative marketing to attract amenity usage is implemented

4.c.4 Efficiency strategies across the Town's infrastructure and amenity assets are implemented

There are no significant identifiable environmental, social or economic impacts relating to this item.

*Disability Access and Inclusion Plan*

The following outcome of the Town's Disability Access and Inclusion Plan 2017-2022 apply in relation to this item:

- Outcome 1 – Services and Events
- Outcome 2 – Buildings and Facilities
- Outcome 3 – Information
- Outcome 4 – Quality of Service
- Outcome 5 – Complaints
- Outcome 6 - Consultation Process
- Outcome 7 - Employment

### **RISK MANAGEMENT CONSIDERATIONS**

There is a compliance risk associated with this item because if Council choose not to adopt the 2018/19 Annual Report it will result in non-compliance with the requirements of the *Local Government Act 1995*. The risk rating is considered to be low (3), which is determined by a likelihood of rare (1) and a consequence of moderate (3).

The risk will be eliminated by the adoption of the officer's recommendation.

### **OPTIONS**

*Option 1 – Adopt officer's recommendation*

*Option 2 – Adopt officer's recommendation with changes, such as amending the date of the Annual General Meeting of Electors.*

*Option 3 – Do not adopt officer's recommendation – this is not recommended as not adopting the Annual Report will result in a breach of the Local Government Act 1995.*

### **CONCLUSION**

The Annual Report is an essential tool for the Town to inform the community and key stakeholders of the Town's achievements. It also promotes greater community awareness of the Town's programs and services and illustrates the Town's commitment to accountable and transparent governance. It is recommended that Council adopt the 2018/19 Annual Report to ensure the Town is compliant with its legislative requirements.

### **ATTACHMENTS**

1. 2018/19 Annual Report (under separate cover)