



TOWN OF PORT HEDLAND

SPECIAL COUNCIL MEETING MINUTES

25 AUGUST 2016 AT 5:00PM

COUNCIL CHAMBERS, MCGREGOR STREET, PORT HEDLAND

Agenda Item:

1. Adoption of 2016/17 Annual Budget

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Town of Port Hedland for any act, omission, statement or intimation occurring during Council Meetings. The Town of Port Hedland disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission, and statement of intimation occurring during Council Meetings.

Any person or legal entity that acts or fails to act in reliance upon any statement, act or omission occurring in a Council Meeting does so at their own risk. The Town of Port Hedland advises that any person or legal entity should only rely on formal confirmation or notification of Council resolutions.

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

*Chris Linnell
Acting Chief Executive Officer*

Item 1	Opening of Meeting.....	3
Item 2	Acknowledgement of Traditional Owners.....	3
Item 3	Recording of Attendance.....	3
	3.1 Attendance.....	3
	3.2 Apologies.....	3
	3.3 Approved Leave of Absence.....	3
	3.4 Disclosure of Interests	3
Item 4	Attendance by Telephone/Instantaneous Communications.....	4
Item 5	Public Time	4
	5.1 Public Question Time.....	4
	5.1.1 David O'Loughlin.....	4
	5.1.2 Ms Mary Attwood	4
	5.1.3 Mr Ron Attwood	5
	5.2 Public Statement Time.....	5
	5.2.1 Ms Mary Attwood	5
	5.2.2 Mr Arnold Carter.....	5
	5.2.3 Mr Ron Attwood	6
Item 6	Questions from Members without Notice	7
	6.1 Councillor Richard Whitwell	7
Item 7	Declarations of All Members to Have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting.....	7
Item 8	Announcements by Presiding Member without Discussion	8
Item 9	Reports of Officers.....	9
	9.1 Corporate Services	9
	9.1.1 Adoption of the 2016/17 Annual Budget.....	9
Item 10	Matters for Which Meeting May Be Closed (Confidential Matters)	19
Item 11	Closure.....	19
	11.1 Date of Next Meeting	19
	11.2 Closure	19

Item 1 Opening of Meeting

The Deputy Mayor declared the meeting open at 5:01pm.

Item 2 Acknowledgement of Traditional Owners

The Deputy Mayor respectfully acknowledged the traditional owners, the Kariyarra people whose land we are on today, respectfully acknowledging the contribution of Kariyarra elders past, present and future, in all working together for the betterment for the future City of Port Hedland.

Item 3 Recording of Attendance

3.1 Attendance

Deputy Mayor Camilo Blanco
Councillor Jan Gillingham
Councillor David Hooper
Councillor Troy Melville
Councillor Louise Newbery
Councillor Richard Whitwell
Councillor Lincoln Tavo

Officers

Chris Linnell	Acting Chief Executive Officer
Dale Stewart	Acting Director Corporate Services
Adam Majid	Acting Director Community and Development Services
Grace Waugh	Minute Taker/Coordinator Governance

Public	6
Media	1
ToPH Officers	7

3.2 Apologies

Mayor Kelly Howlett

3.3 Approved Leave of Absence

Councillor Julie Arif

3.4 Disclosure of Interests

Name	Item no.	Interest	Nature
Cr Melville	9.1.1 Adoption of the 2016/17 Annual Budget	Impartiality	Cr Melville is a Member of the Turf club

Item 4 Attendance by Telephone/Instantaneous Communications

Nil

Item 5 Public Time

Important note:

'This meeting is being recorded on audio tape as an additional record of the meeting and to assist with minute-taking purposes which may be released upon request to third parties. If you do not give permission for recording your participation please indicate this at the meeting. The public is reminded that in accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders nobody shall use any visual or vocal electronic device or instrument to record the proceedings of any meeting unless that person has been given permission by the presiding member to do so. Members of the public are also reminded that in accordance with section 6.17(4) of the Town of Port Hedland Local Law on Standing Orders mobile telephones must be switched off and not used during the meeting.'

The Deputy Mayor opened Public Question Time at 5:05pm.

5.1 Public Question Time**5.1.1 Mr David O'Loughlin**

In regards to the Richardson Street boat ramp, is there maintenance dredging planned or budgeted for in the 2016/17 financial year?

The Deputy Mayor advised that there is an allocation in the 2016/17 Budget for the maintenance repairs for the Richardson Street boat ramp.

The Acting Chief Executive Officer advised that the Town is currently liaising with the Pilbara Port Authority regarding the use of the local available dredges.

5.1.2 Ms Mary Attwood

Has the proposed audit been made available for the community to comment, and was it recommended by the Audit, Risk and Governance Committee, and if not, why not?

The Deputy Mayor advised that the audit was requested by himself as a notice of motion, and the process will be dealt with through Council. The scope has just been developed and will be presented to Council for consideration at the 31 August 2016 meeting.

My understanding is that with the amendments to the terms of reference of the Audit, Risk and Governance Committee included that the Committee would analyse any financials and provide recommendations to the Council for approval. The Town is not complying with the terms of reference which creates an issue with transparency, accountability and processes. The community should be involved in the process, to understand what is happening within the Town, and to be in a position to obtain additional information to verify issues that the Auditors find within the audit.

Ms Attwood returned to her chair before a response was given to her statement.

5.1.3 Mr Ron Attwood

In regards to the proposed 2016/17 Budget, have Elected Members had enough time to review the document?

The Deputy Mayor advised that Elected Members received the draft 2016/17 Budget on Monday 22 August 2016. The content of the Budget is the same as what Elected Members and Town Officers have been discussing and workshopping since January 2016.

The Deputy Mayor closed Public Question Time at 5:09pm.

The Deputy Mayor opened Public Statement Time at 5:09pm.

5.2 Public Statement Time

5.2.1 Ms Mary Attwood

During question time I asked if the proposed 2016/17 Budget was made available for public comment. The Deputy Mayor just advised Mr Ron Attwood that it was only released on Monday. That is not enough time for anybody to review the budget, and make sure that it is compliant. This budget should be set aside to allow all Elected Members time to review and scrutinise it.

The community and ratepayers have been working hard to try and put in to place the procedures to make sure Council make decisions based on facts. It's not up to the Mayor or Deputy Mayor, it's up all Elected Members to make decisions. The Audit, Risk and Governance Committee has been given that responsibility, in the revised terms of reference. The audit should be put on the table and the process should be followed correctly.

5.2.2 Mr Arnold Carter

The Deputy Mayor allowed Mr Carter to ask public questions as he was not present during Public Question Time.

The proposed 2016/17 Budget indicates an income of \$10 million, what percentage of this is from the lease of the Port Hedland International Airport, and when was the final payment made from the lease agreement?

The Acting Director Corporate Services advised that the question would be taken on notice.

In the surplus balance, there is an amount brought forward from 2016 of \$3.765 million, there are no 30 June 2016 financials available to the public. Can I please have a copy?

The Acting Chief Executive Officer advised that a copy would be given to Mr Carter.

In regards to the Capital Works Program, I can't find any information on the transport for the Airport. Is there an existing program?

The Acting Chief Executive Officer advised that there is an allocation of approximately \$16 million to undertake the remaining airport works.

As per the Airport Lease agreement, there are some transitional projects that were started by the Town that requires completion, some of those works include contamination testing of the land, shade structures, and apron strengthening.

In the income figures, it shows a deficit of \$10,211,919 in the comprehensive income sheet, it also shows a figure of \$12,955,839 in the detailed operating budget. Which is the correct figure?

The Acting Director Corporate Services advised that the \$12,955,839 total on page 74, is a total of operating expenditure and revenue with internal reserve transfers that relate to operations. The comprehensive income of \$10,211,919 does not include all operational transfers.

Why would the Town indicate in the budget a net result of \$14,056,608, and take out comprehensive assets of \$3,844,689, to total \$10,211,919, and then state on the detailed operating budget that the total is \$12,955,839. Which figure is the Council voting on tonight?

The Acting Director Corporate Services advised that the operating statements on pages 1 to 6 are correct, the detailed operating statement on pages 47 to 74 are also correct, but there are different applications of funds. In the context of the detailed operating budget, it's only referring to operating expenses and operating income, and reserve transfers that relate to operating, and does not relate to reserve transfers that relate to capital.

That still does not answer the difference in figures. The balances should be equal. Where did the \$12 million come from?

The Acting Director Corporate Services advised that the \$12 million is a total of operating income and operating expenditure, and operating transfers that relate to operations, and does not include capital.

Why is the \$12 million not in the 2016/17 Budget for adoption tonight and only the \$10 million?

The Acting Director Corporate Services advised that a detailed explanation can be provided to Mr Carter after the meeting.

The Deputy Mayor advised that Mr Carter is welcome to meet with the Acting Director Corporate Services at the end of the meeting for clarification on the differences.

5.2.3 Mr Ron Attwood

In relation to the question I asked during question time regarding Elected Members having enough time to consider the 2016/17 Budget, Mr Carter just asked a question earlier, and it had to be taken on notice. Elected Members are voting on this budget tonight, the Deputy Mayor stated he didn't know the answer, after saying he had read the budget. How can Elected Members make a decision on the budget if it hasn't been looked at closely? If the Town has to take questions on notice, there is a problem.

The Deputy Mayor closed Public Statement Time at 5:25pm.

Item 6 Questions from Members without Notice

6.1 Councillor Richard Whitwell

Why did it take so long to receive the proposed 2016/17 Budget?

The Deputy Mayor advised that Elected Members have scrutinised the 2016/17 Budget which is why the draft was not released as a whole document to the public, as it has been done in the past.

The Acting Chief Executive Officer advised that Elected Members have attended a number of workshops in regards to finalising the budget, but the delay in releasing the budget to the public is due to the budget needing to be formatted in this particular way. There is a legislative requirement to present it in this format. Elected Members should not find anything unusual or unknown within the figures, as it has all the same information as which has been discussed and clarified by the Acting Director Corporate Services at the workshops.

When did Elected Members receive the first draft of the 2016/17 Budget?

The Acting Chief Executive Officer advised that Elected Members were given the formatted first draft on Friday 19 August 2016, but the figures that were contained within that draft were provided to Elected Member long before that date.

Would there be some figures that have been with Elected Members for longer than others?

The Deputy Mayor asked Councillor Whitwell which figures he was referring to.

In particular, the fees and charges for sportsgrounds and the like, did any of the changes put a lot of pressure on the administration in terms of the final budget outcomes?

The Deputy Mayor advised that he believed not. The amount of budget reduction due to the reduction of costs for sporting grounds, is insignificant compared to the budget amount.

The Acting Chief Executive Officer advised that Elected Members attended a budget workshop on Sunday 7 August 2016, where the figures were provided. Some Elected Members may not have attended, due to work commitments, and therefore not seen the figures at the same time as others. In regards to the sporting oval fees, the impact was reported back to Elected Members at that workshop.

5:31pm The Deputy Mayor advised members of the public that the Special Council Meeting to determine the 2016/17 Annual Budget will continue, and that the Public Agenda Briefing scheduled for 5:30pm will commence upon closure of the Special Council Meeting.

Item 7 Declarations of All Members to Have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting

The following Elected Members declared that they had given due consideration to all matters contained in the agenda:

- Deputy Mayor Blanco
- Councillor Gillingham

- Councillor Hooper
- Councillor Whitwell
- Councillor Newbery
- Councillor Whitwell
- Councillor Tavo

Item 8 Announcements by Presiding Member without Discussion

The Deputy Mayor advised that Elected Members started discussions on the 2016/17 Budget in January 2016. There have been many discussions on finding efficiencies, reducing non-essential spending but keeping the current community service levels.

This budget has focussed on reducing costs to the community with a 5% reduction across residential, commercial industry and pastoral rating categories. The state government capped concessions on pensioner's rates at \$750. The Town of Port Hedland has contributed to the shortfall, ensuring pensioners do not have any rate increase and that they continue to receive the 50% rate reduction as they have received in previous years.

All Town of Port Hedland operated and owned community facilities within this budget will be available to hire by residents, at a reduced cost of up to around 75%. Community sporting and not-for-profit groups have had their lease payments slashed and should be paying around \$200 per year, down from around \$2,500.

The Richardson Street boat ramp has been included for maintenance and will be one of my priorities to reduce the risk of any potential deaths at sea because of limited access at low tide.

There are many more savings that this budget has achieved, this will take a lot of pressure off local sporting groups, and the performing arts. The significant decreases in club costs will hopefully increase attendance rates and build stronger community groups.

The Town of Port Hedland has to ensure the yearly budgeted maintenance and Capital Works Program is completed on time and within budget. The Town of Port Hedland has a significant amount of work to do, this budget is the start of focussed revitalisation of the town.

Disclaimer

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

Item 9 Reports of Officers

9.1 Corporate Services**9.1.1 Adoption of the 2016/17 Annual Budget**

File No:

Applicant/ Proponent:

Nil

Subject Land/ Locality:

Nil

Date:

19/08/2016

Author:

Kathryn Crothers, Manager Financial Services

Authorising Officer:

Dale Stewart, Acting Director of Corporate Services

Disclosure of Interest from Author:

Nil

Authority/Discretion:

☒ Executive – the substantial direction setting and oversight role of the Council. E.g. adopting plans and reports, accepting tenders, directing the Chief Executive Officer, setting and amending budgets.

☒ Legislative – includes adopting local laws, town planning schemes and policies. Review when Council reviews decision made by Officers.

Attachments:

1. Municipal Budget (Under Separate Cover)
2. Fees and Charges Schedule (Under Separate Cover)

CM201617/037 COUNCIL DECISION**MOVED: CR NEWBERY****SECONDED: CR BLANCO**

That Council include the following amendments to the proposed motions relating to the 2016/17 budget:

- 1. Amend the fees and charges under part E of the recommendation to include:**
 - a. Reducing the Matt Dann fees and charges on page 85 by 50%;**
 - b. Reviewing the McGregor Street Reserve fee on page 78 in accordance with the kw charge for the Sports Ground Lighting; and**
 - c. Amending the Tyres and Rubber Products fee on page 104 to \$500 per tonne and free for residents for residential quantities.**
- 2. Include point 4 to part C of the recommendation to read:**

“4. Notes that if customers by the due date enter into an agreed weekly, fortnightly or monthly direct debit arrangement, such that the rates and service charges are paid in full by 30 June 2017, Council will waive any penalty interest and instalment charges (but not the \$60 administration charge) relating to fees and charges for the 2016/17 financial year.”

CARRIED 7/0

CM201617/038 COUNCIL DECISION**MOVED: CR TAVO SECONDED: CR WHITWELL**

That Council, pursuant to section 5.6 of the Standing Orders Local Law 2014, adopt officer recommendations parts A to J as amended by adoption by exception resolution.

CARRIED BY ABSOLUTE MAJORITY 7/0

OFFICER RECOMMENDATIONS**PART A – GENERAL AND MINIMUM RATES**

That Council:

1. Impose the following differential general rates and minimum payments on Gross Rental and Unimproved Values for the 2016/17 financial year, pursuant to sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995*:

- a. General Rates

i. Residential (GRV)	5.4074 cents in the dollar
ii. Commercial (GRV)	4.0875 cents in the dollar
iii. Industrial (GRV)	2.7529 cents in the dollar
iv. Mass Accommodation (GRV)	26.0000 cents in the dollar
v. Tourist Accommodation (GRV)	11.4339 cents in the dollar
vi. Mining (UV)	37.0000 cents in the dollar
vii. Pastoral (UV)	10.2877 cents in the dollar
viii. Other (UV)	21.0000 cents in the dollar

- b. Minimum payments

i. Residential (GRV)	\$1,260
ii. Commercial (GRV)	\$1,260
iii. Industrial (GRV)	\$1,260
iv. Mass Accommodation (GRV)	\$1,260
v. Tourist Accommodation (GRV)	\$1,260
vi. Mining (UV)	\$ 260
vii. Pastoral (UV)	\$1,260
viii. Other (UV)	\$1,260.

CARRIED BY EXCEPTION RESOLUTION

PART B – CONCESSIONS AND INCENTIVES

That Council:

1. Grant concessions in relation to 2016/17 rate charges listed in the attached schedule (Attachment 1, note 12), pursuant to section 6.47 of the *Local*

Government Act 1995 and the Rates and Charges (Rebates and Deferments) Act 1992.

2. Adopt the following rates incentive schemes including a contribution of \$2,500 from municipal funds towards the scheme, pursuant to section 6.12 of the *Local Government Act 1995*:
 - a. 5 x \$500 cash prizes.

CARRIED BY EXCEPTION RESOLUTION

PART C - INSTALMENT PAYMENT ARRANGEMENTS

That Council:

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

Full Payment and instalment due date	17 October 2016
2 nd quarterly instalment date	30 December 2016
3 rd quarterly instalment date	6 March 2017
4 th quarterly instalment date	8 May 2017.

2. Adopts an initial instalment administration charge of \$60 and an installment charge of \$14 for each instalment after the initial instalment is paid (excluding eligible pensioners and seniors) where the owner has elected to pay rates and service charges through an instalment option, pursuant to section 6.45 of the *Local Government Act 1995* and regulation 67 of the *Local Government (Financial Management) Regulations 1996*.
3. Adopts an interest rate of 5.5% per annum where the owner has elected to pay rates and service charges through an instalment option (excluding eligible pensioners and seniors), pursuant to section 6.45 of the *Local Government Act 1995* and regulation 68 of the *Local Government (Financial Management) Regulations 1996*.

AMENDED PART C - INSTALMENT PAYMENT ARRANGEMENTS

That Council:

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

Full Payment and instalment due date	17 October 2016
2 nd quarterly instalment date	30 December 2016
3 rd quarterly instalment date	6 March 2017
4 th quarterly instalment date	8 May 2017.

2. Adopts an instalment charge of \$14 for each instalment after the initial instalment is paid (excluding eligible pensioners and seniors) where the owner has elected to pay rates and service charges through an instalment option, pursuant to

section 6.45 of the *Local Government Act 1995* and regulation 67 of the *Local Government (Financial Management) Regulations 1996*.

3. Adopts an interest rate of 5.5% per annum where the owner has elected to pay rates and service charges through an instalment option (excluding eligible pensioners and seniors), pursuant to section 6.45 of the *Local Government Act 1995* and regulation 68 of the *Local Government (Financial Management) Regulations 1996*.
4. Notes that if customers by the due date enter into an agreed weekly, fortnightly or monthly direct debit arrangement, such that the rates and service charges are paid in full by 30 June 2017, Council will waive any penalty interest and instalment charges (but not the \$60 administration charge) relating to fees and charges for the 2016/17 financial year.

CARRIED BY EXCEPTION RESOLUTION

PART D – INTEREST ON OVERDUE AMOUNTS

That Council:

1. Adopts an interest rate of 11% per annum for rates and service charges and on the costs of proceedings to recover such charges that remains unpaid after becoming due and payable (excluding eligible pensioners and seniors), pursuant to section 6.51 (1) and 6.51 (4) of the *Local Government Act 1995* and regulation 70 of the *Local Government (Financial Management) Regulations 1996*.
2. Adopts an interest rate of 5.5% per annum on all sundry debtor charges that remain unpaid longer than 35 days after the due date, pursuant to section 6.13 of the *Local Government Act 1995* and regulation 70 of the *Local Government (Financial Management) Regulations 1996*.

CARRIED BY EXCEPTION RESOLUTION

PART E – FEES AND CHARGES FOR 2016/17

That Council adopts the 2016/17 Schedule of Fees and Charges as included as Attachment 2 of this agenda and minutes, pursuant to section 6.16 of the *Local Government Act 1995*.

AMENDED PART E – FEES AND CHARGES FOR 2016/17

That Council adopts the 2016/17 Schedule of Fees and Charges as included as Attachment 2 of this agenda and minutes, pursuant to section 6.16 of the *Local Government Act 1995* with the following amendments:

- a. Reducing the Matt Dann fees and charges on page 85 by 50%;
- b. Reviewing the McGregor Street Reserve fee on page 78 in accordance with the kw charge for the Sports Ground Lighting; and
- c. Amending the Tyres and Rubber Products fee on page 104 to \$500 per tonne and free for residents for residential quantities.

CARRIED BY EXCEPTION RESOLUTION**PART F – OTHER STATUTORY FEES FOR 2016/17**

That Council, pursuant to:

1. **Section 53 of the *Cemeteries Act 1986*:**
 - a. Adopts the Fees and Charges for the Cemeteries included in the Schedule of Fees and Charges included as Attachment 2 of this agenda and minutes; and
 - b. Gazette the cemetery fees and charges where a change to a cemetery fee or charge has been made; and
 - c. Pursuant to section 53 (2) of the *Cemeteries Act 1986*, the new fee or charge shall not come into effect until not less than 14 days' notice of the fee or charge has been given in the Gazette.
2. **Section 53 of the Building Regulations 2012**, adopt an annual swimming pool inspection fee of \$55 (GST exempt), regardless of the number of inspections required to achieve compliance.
3. **Section 67 of the *Waste Avoidance and Resources Recovery Act 2007***, adopt the following charges for the removal and deposit of domestic and commercial waste:

a. 240ltr bin weekly collection – Classic	\$282.50
b. 240ltr bin weekly collection – Classic - with eligible pensioner/senior (20% discount)	\$226.00.

CARRIED BY EXCEPTION RESOLUTION**PART G – ELECTED MEMBERS FEES AND ALLOWANCES FOR 2016/17**

That Council, pursuant to:

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

Mayor	\$46,350
Councillors	\$30,900
2. **Section 5.99A of the *Local Government Act 1995* and regulations 34A and 34AA of the *Local Government (Administration) Regulations 1996***, adopt the following annual allowances for elected members:

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

Mayor**\$87,550**

4. Section 5.98A of the *Local Government Act 1995* and regulation 33A of the *Local Government (Administration) Regulations 1996*, adopt the following annual local government allowance to be paid in addition to the annual meeting allowance:
- Deputy Mayor **\$21,890.**

CARRIED BY EXCEPTION RESOLUTION**PART H – MATERIAL VARIANCE REPORTING FOR 2016/17**

For the purposes of regulation 34 (5) of the *Local Government (Financial Management) Regulations 1996*, regarding level of material variance for financial reporting in 2016/17, that Council adopt the following thresholds:

1. With regards to expenditure classified as operating, a variance of 10% or \$10,000, whichever is the greater, of the year to date current month Current Budget, with Program as the level that requires explanation;
2. With regards to expenditure classified as capital, a variance of 10% or \$10,000, whichever is the greater, of the 12 month Current Budget, with individual project as the level that requires explanation;
3. With regards to income, a variance of 10% or \$100,000, whichever is the greater, of the 12 month Current Budget, with Nature and Type as the level that requires explanation;
4. With regards to all other items not specifically identified above, a variance of 10% or \$100,000, whichever is the greater, of the 12 month Current Budget, with Nature and Type as the level that requires explanation.

CARRIED BY EXCEPTION RESOLUTION**PART I – MUNICIPAL BUDGET FOR 2016/17**

That Council adopt the Municipal 2016/17 Budget as presented (Attachment 1) including associated notes and supplementary information in accordance with section 6.2 of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*.

CARRIED BY EXCEPTION RESOLUTION**PART J – MUNICIPAL BUDGET SAVINGS FOR 2016/17**

That Council request the Acting CEO to continue to identify efficiencies, savings, and business system improvements and /or additional revenues, such that the budget draw on the forecast interest earned on the Port Hedland International Airport Long Term Lease Reserve at 30 June 2017 is reduced by \$2M, from such areas as, but not limited to:

- a. Consultants
- b. Contractors
- c. Legal expenses
- d. IT expenses
- e. Accommodation and travel expenses etc.

CARRIED BY EXCEPTION RESOLUTION

EXECUTIVE SUMMARY

To consider and adopt the Municipal Fund Budget for the 2016/17 financial year together with supporting schedules, including imposition of rates and minimum payments, adoption of fees and charges, setting of elected member fees for the year and other consequential matters arising from the budget papers.

BACKGROUND

The Municipal 2016/17 Budget and its related documentation is the culmination of eight months of work by officers and department managers to bring together a balanced budget in significantly changed economic conditions and substantially reduced unrestricted income streams. The Budget has been compiled on the principles contained in the Strategic Community Plan, Long Term Financial Plan and Corporate Business Plan.

A reduction in the community's ability to pay has resulted in average rate reductions for residential, commercial, industrial and pastoral rate categories of 5% reducing municipal income by \$2M, as well as significant decreases in fees and charges to community groups with an estimated income loss of \$73,000. The long term lease of the Port Hedland International Airport (PHIA) has seen a reduction in net income to the municipal budget of \$8.5M and the creation of significant cash backed reserve fund.

A considerable amount of work has been undertaken to review and reduce expenditure levels to match the new operating environment. Practical examples of incremental cost saving initiatives that have been identified include:

- streamlining brochure formats and mail distribution systems
- undertaking community survey in-house
- consolidating facility and Hedland Highlights advertising
- transitioning from lease to purchase for printers
- move to shared data plans for mobile devices
- transitioning to low power consumption desktops
- rationalization of surplus phone, fax and comms lines reducing line rental costs
- transitioning to bring your own device (BYOD)

Officers will continue to focus on efficiencies and effectiveness and seek out additional revenue to improve the Towns operating surplus and closing municipal surplus, enabling a reduction in the draw from interest earned on the PHIA long term lease reserve.

The proposed Municipal 2016/17 Budget has been prepared in accordance with the presentations made to elected members at the various budget workshops over the last few months.

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

Rate Model

The proposed differential general rates were approved by Council at the Special Council Meeting on 29 June 2016. The proposed differential rates took into consideration improvements identifies in the rating improvement plan adopted by Council at the Special Council meeting 12 August 2015. The plan identified specific improvements of which the 2016/17 proposed differential rates model was based on and achieved in some cases.

- Strengthen the Statement of Rating Objects and Reasons to tie into the 'Benefit Principle' and clearly explain the reasons for differentials between general rate categories;
- Normalisation of the GRV Shopping Centre rate in the dollar with the GRV Commercial rate in the dollar;
- Consolidated the UV Mining, UV Mining Other and UV Mining Exploration general rate categories;
- A uniform minimum payment for UV Mining and UV Mining Exploration;
- Implemented a concession arrangement for pastoral properties to increase the base UV rate.

Council cannot adopt the Budget without striking the rate in the dollar for differential general rates, which was dependent upon Ministerial approval as the Town proposes to:

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

The Town received Ministerial approval on 19 August 2016 for the following rate in the dollars as they are more than twice the lowest rate in the GRV and UV categories:

- GRV Mass Accommodation 26.0000 Cents
- GRV Tourist Accommodation 11.4339 Cents
- UV Mining 37.0000 Cents

CONSULTATION

At the Special Council Meeting dated 30 May 2016, Council resolved to endorse the 2016/17 Differential Rating Model for advertising and community consultation (decision 201516/263 and 201516/264). The rating Strategy was subsequently advertised from the 1 June 2016. A community conversation was held on 13 June 2016 and a Chamber of Commerce and Industry after hour's information session on 23 June 2016. Submissions were sort from the community and businesses on the regarding the advertised 2016/17 rating strategy and 45 were received. The rating strategy was considered by Council at the special Council meeting 29 June 2016.

The draft 2016/17 Budget is driven by the Community Strategic Plan and Corporate Business Plan. The development of the Community Strategic Plan involved significant community consultation and engagement.

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

LEGISLATIVE IMPLICATIONS

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

Divisions 5 and 6 of Part 6 of the *Local Government Act 1995* refer to the setting of budgets and raising of rates and charges. The *Local Government (Financial Management) Regulations 1996* details the form and content of the budget. The draft 2016/17 Budget as presented is considered to meet statutory requirements.

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

POLICY IMPLICATIONS

The Budget is based on the principles contained in the Community Strategic Plan, the Long Term Financial Plan, Asset Management Plans and the Corporate Business Plan.

FINANCIAL IMPLICATIONS

It is recommended that Council adopts a balanced budget with a small carried forward municipal surplus. In 2016/17 municipal rates are a predominant source of income.

STRATEGIC IMPLICATIONS

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

SUSTAINABILITY IMPLICATIONS

Environmental

There are significant positive environmental impacts arising from adoption of the 2016/17 Municipal budget including continued investment in the development of the spoilbank marina, Goode street and Sutherland street dunescape.

Economic

There are significant benefits to the local economy arising from adoption of the 2016/17 municipal budget, including investment in local infrastructure and utilisation of local trades and businesses where possible, practical and available.

Social

There are significant identifiable social impacts arising from adoption of the 2016/17 Municipal budget including the investment into community infrastructure and programs and the promotion of the Town as a great place to live and work.

Risk

Risk	That a reduction in income or increase in expense throughout the 2016/17 year results in a closing municipal deficit at 30 June 2017
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Impact / Consequence	Moderate (3)
Risk Rating (Prior to Treatment or Control)	Medium (5-9)
Principal Risk Theme	Failure to achieve a sustainable long term financial position
Risk Action Plan (Controls or Treatment proposed)	Manage by closely monitoring financial performance throughout the year via a robust internal reporting framework.

Risk Matrix

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives; occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating of 9 has been determined for this item. Any items with a risk rating over 10 (considered to be high or extreme risk) will be added to the Risk Register, and any item with a risk rating over 17 will require a specific risk treatment plan to be developed.

CONCLUSION

The proposed Municipal 2016/17 Budget has been prepared in accordance with the presentations made to elected members at the various budget workshops over the last few months. The 2016/17 Budget has been prepared in a financially responsible manner considering the ability of the community to pay and the changing economic environment. The Budget has responded through reduction in operating expenditure to ensure a balanced budget is achieved. The 2016/17 Municipal Budget has been prepared in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

Item 10 Matters for Which Meeting May Be Closed (Confidential Matters)

Nil

Item 11 Closure

11.1 Date of Next Meeting

The next Ordinary Meeting of Council will be held on Wednesday 31 August 2016, commencing at 5:30pm.

11.2 Closure

There being no further business, the Deputy Mayor declared the meeting closed at 6:16pm.