

Town of
Port Hedland

Community Conversations

What, when, where, how?

Wednesday 8 May 2013



Town of
Port Hedland

Format for the night



Rates...

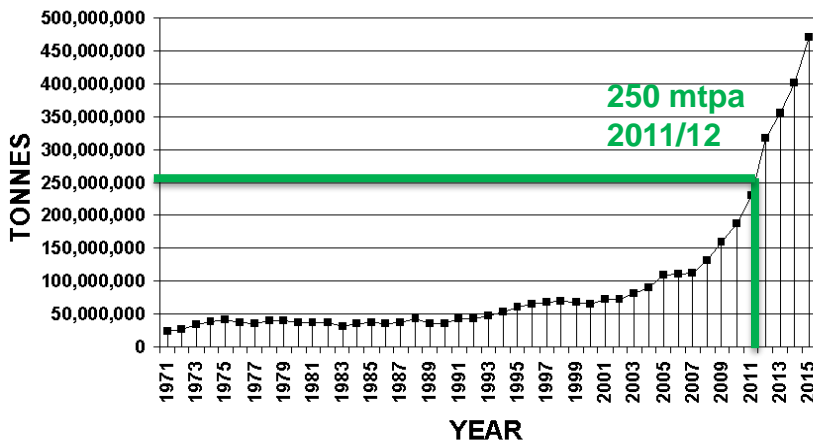
- Demonstrated growth in the town
- What are rates?
- Why are rates imposed?
- How are rates calculated?
- What portion of ToPH revenue is rates?
- Why do rates go up?
- What increases can rate payers expect in 13/14?
- What about after that?
- What can the Town do for revenue other than increase rates?



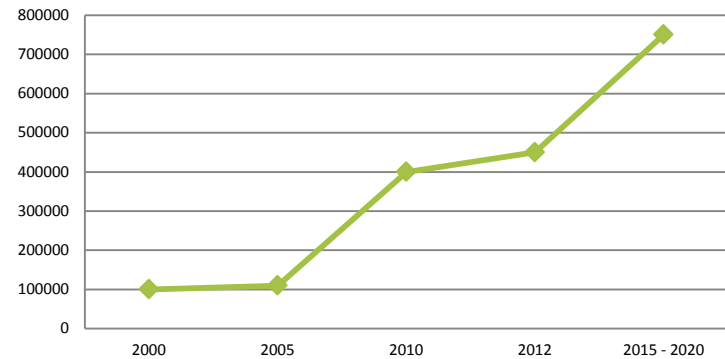
Port Hedland Town Growth

	Building Approvals	Staffing Numbers	Budget	Rateable Properties	Airport Passengers Numbers
2005	10M	112	\$30m	5,170	111,549
2010	241M	178	\$133m	5,708	350,000
2012	478M	173	\$181M	6,173	450,000
2015	>800M	220+	\$?	9,000	750,000

PORT GROWTH

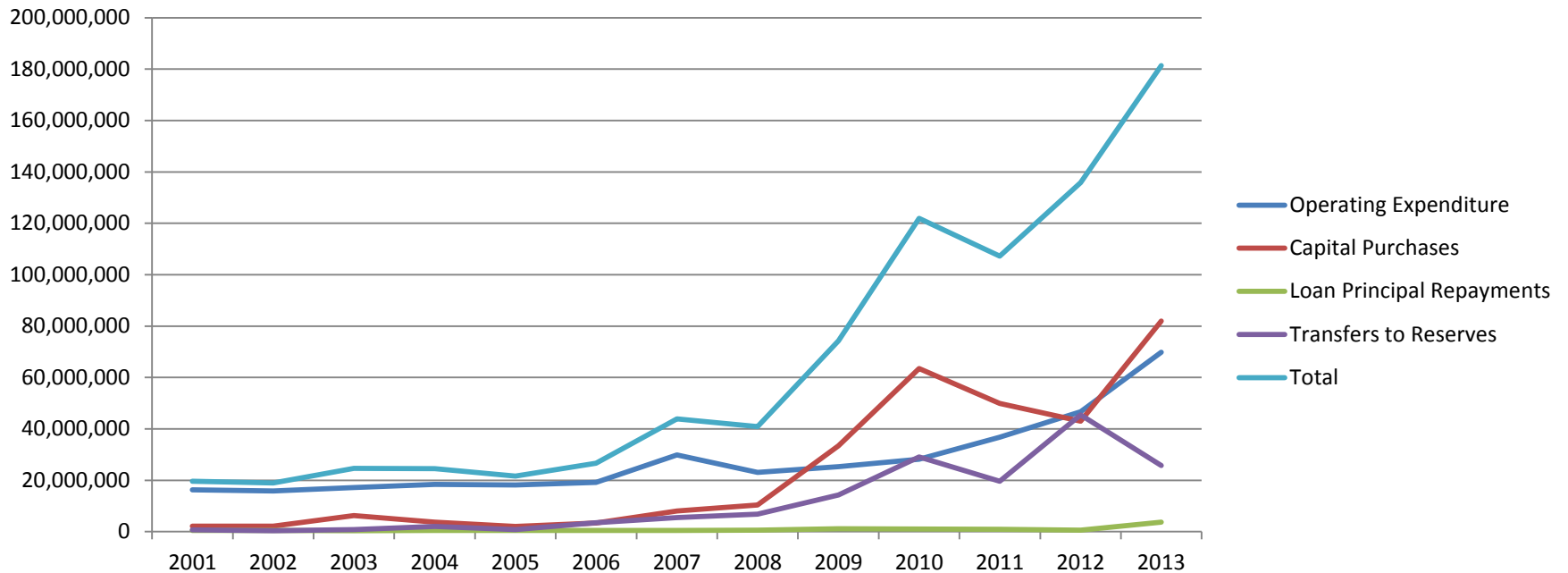


AIRPORT PASSENGER NUMBERS



Growth in the Town Of Port Hedland

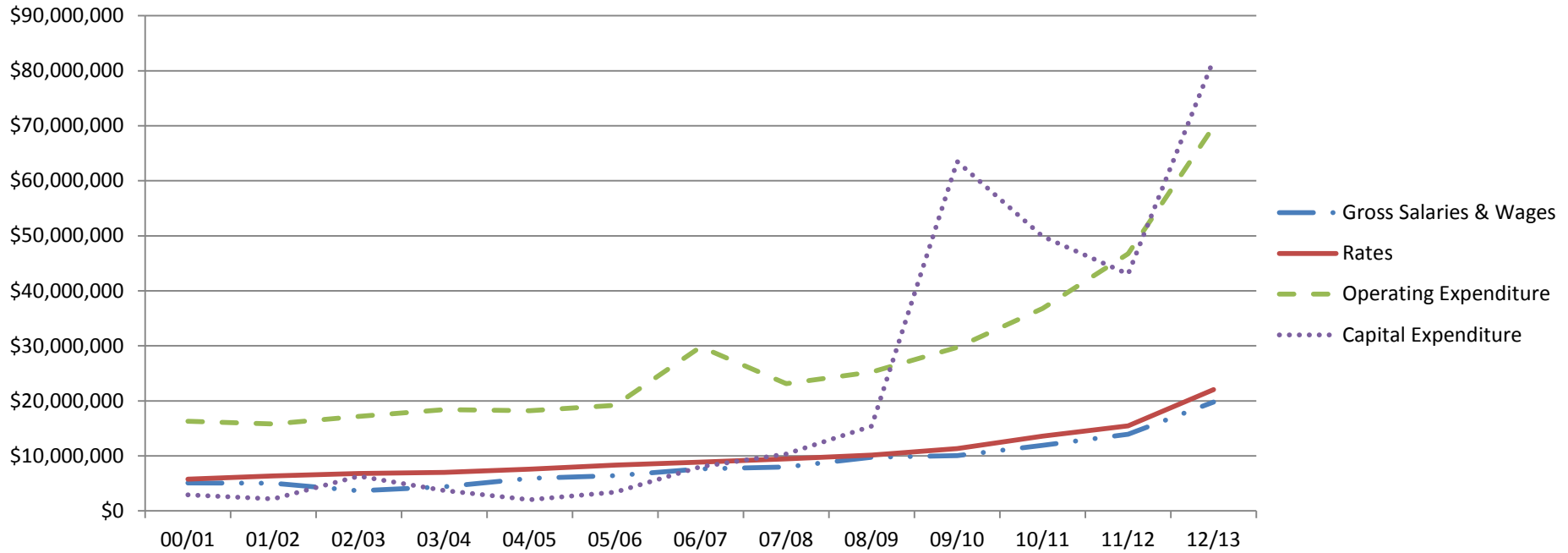
% Makeup of Total Expenditure for the Last 13 Years



EXPENDITURE MAKE UP	2004-05		2009-10		2010-11		2011-12		2012-13	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating Expenditure	18,231,799	84%	28,270,097	23%	36,766,160	34%	46,706,492	34%	69,867,199	39%
Capital Purchases	2,060,361	10%	63,494,562	52%	49,912,352	47%	43,061,091	32%	82,017,618	45%
Loan Principal Repayments	467,230	2%	1,077,157	1%	948,576	1%	634,818	0%	3,715,201	2%
Transfers to Reserves	874,801	4%	29,088,396	24%	19,657,640	18%	45,467,628	33%	25,792,248	14%
TOTAL EXPENDITURE	21,634,191	100%	121,930,212	100%	107,284,728	100%	135,870,029	100%	181,392,266	100%



Growth in the Town of Port Hedland



	2004-05	2009-10	2010-11	2011-12	2012-13
Gross Salaries & Wages	\$5,941,525	\$10,334,993	\$11,922,469	\$13,930,404	\$19,788,182
Rates	\$7,574,076	\$11,206,233	\$13,571,692	\$15,450,679	\$19,035,451
Operating Expenditure	\$18,231,799	\$28,486,670	\$36,788,099	\$46,728,492	\$69,867,199
Capital Expenditure	\$2,060,361	\$63,494,562	\$49,912,352	\$43,061,091	\$82,017,618



Rates Overview

- Effectively the balancing figure between Net Expenditure & Net Income
- Rates = LG Tax, therefore is not a fee for service
- General Rates = Value x Rate in the \$
- Value → Valuer General
- Rate in the \$ → Council
- Minimum Rate = minimum amount of rates paid regardless of value



Rates Example

RESIDENTIAL EXAMPLE BASED ON 2012/13

PART 1:

$$\begin{array}{rclcl} \text{Valuation} & \times & \text{Rate in Dollar} & = & \text{Rates Charge} \\ 64,480 & \times & 0.031025 & = & \$2,000.49 \end{array}$$

PART 2:

Emergency Services Levy = \$0.0041 per dollar GRV (to a max. of \$103)

$$64,480 \quad \times \quad 0.0041 \quad = \quad \$264.37 \text{ therefore use max } \$103$$

PART 3:

Classic Bin Collection = \$220.70

Rates:	\$2,000.49
ESL:	\$103.00
Bin:	<u>\$220.70</u>
TOTAL:	\$2,324.19



What do rates pay for?

- Parks maintenance
- Sporting ground maintenance and programming
- Animal Control
- Emergency management
- Fire prevention
- Health Control
- Pest Control – Mosquito Mitigation
- Maintenance of Day Care Facility
- Events – Spinifex Spree, Australia Day, Flicks in the square, etc
- Planning services
- Building services
- Cemeteries
- Public Toilets
- Matt Dann Facility
- Libraries
- JD Hardie
- Pool Facilities
- Wanangkura Stadium
- Marquee Park
- Playgrounds
- Footpaths
- Reseals
- Kerbing
- Walkway lighting
- Roads
- Drainage
- Marketing and PR
- Contributions to community groups
- Etc etc etc



Base Operating Expenditure Impact



	2011/12 Actuals	2012/13	2013/14 Base	Increases	2013/14	Additional Funds Required
Expenditure						
Salaries		17,738,832.90	18,857,195.95		18,857,195.95	1,118,363.05
Insurance	1,030,223.28	1,441,200.36		7.50%	1,549,290.39	108,090.03
Superannuation		1,952,860.00	2,144,221.00	0.250%	2,179,577.00	35,356.00
Electricity	1,394,490.20	1,515,820.33		4.600%	1,585,548.07	69,727.74
Water	1,359,863.65	1,640,191.07		5.000%	1,722,200.62	82,009.55
Loans		2,211,396.45			2,561,352.00	349,955.55
Operating Expenditure (general goods and services - contracts)	15,750,009.00	14,583,182.67		5.280%	15,353,174.71	769,992.04
Base Operating Expenditure Increase (No New Staff or Loans that have not yet been taken out)						2,533,493.96

Loan Requirements

LOANS						2013-14 REPAYMENTS		
Particulars	Loan Finalised	Original Loan Amount	Interest Applicable on Loan	Total Loan Repayment over Loan Period	Total Outstanding as at 30 June 2012	Principal	Interest	
Admin/Civic Centre Upgrade	30/12/2012	300,000	91,846	391,846	19,674	-	-	
State Emergency Service Shed (*)	13/02/2019	420,000	237,890	657,890	307,015	30,603	13,256	
HACC House Upgrade	13/02/2019	500,000	283,202	783,202	365,494	36,432	15,781	
GP Housing (**)	24/04/2033	1,500,000	853,830	2,353,830	0	46,400	71,292	
Staff Housing	16/06/2014	1,250,000	778,720	2,028,720	270,496	128,539	6,709	
Staff Housing	1/06/2014	630,000	308,274	938,274	125,103	60,028	2,524	
Staff Housing - Morgan Street	29/06/2029	1,500,000	1,274,006	2,774,006	2,357,905	48,431	90,269	
Staff Housing - Morgan Street	30/12/2029	2,203,000	1,801,587	4,004,587	3,504,014	67,327	132,903	
Staff Housing - Airport	30/06/2031	1,300,000	972,766	2,272,766	2,159,127	39,248	74,390	
Underground Power (**)	24/04/2018	654,111	69,664	723,774	0	121,484	23,271	
Aquatic Centres	30/06/2017	870,000	524,872	1,394,872	464,476	72,538	20,357	
Swimming Pool Extensions	30/12/2017	500,000	252,779	752,779	276,811	39,492	10,837	
Tennis Courts	30/12/2012	80,000	25,280	105,280	5,313	0	0	
Yacht Club (*)	26/03/2025	500,000	287,375	787,375	669,269	25,167	27,325	
Yacht Club Additional Funds (*)	26/05/2026	250,000	132,448	382,448	352,820	12,000	13,497	
JD Hardie Upgrade	16/06/2031	1,550,000	1,162,012	2,712,012	2,576,412	46,753	88,848	
Marquee Park Loan A	16/06/2031	830,000	622,239	1,452,239	1,401,849	25,036	47,576	
Marquee Park Loan B	3/02/2032	4,438,000	2,818,333	7,256,333	0	137,065	225,751	
Multi Purpose Recreation Centre	3/02/2032	7,819,000	4,965,422	12,784,422	0	241,486	397,735	
JD Hardie Upgrade Stage 2	24/04/2033	1,446,000	803,917	2,249,917	0	45,214	67,282	
Port Hedland Visitors Centre	30/12/2022	100,000	69,549	169,549	89,316	5,017	3,489	
TOTAL		28,640,111	18,336,010	46,976,121	14,945,093	1,228,261	1,333,091	2,561,352
LOANS NOT YET ENTERED INTO (Amounts Outlined in 2012-13 Budget)						Principal	Interest	
		Original Loan Amount	Estimated Interest	Total Loan Repayments				
Housing								
Catamore Court Development		1,095,000	668,426	1,763,426		16,246	27,840	
Recreation								
South Hedland Bowling Club (*)		500,000	315,323	815,323		7,418	12,965	
Governance								
Civic Centre Refurbishment		5,000,000	2,985,845	7,985,845		74,181	125,465	
Transport								
Wallwork Road Bridge		850,000	523,031	1,373,031		12,611	21,250	
Airport Redevelopment		15,075,000	1,748,482	16,823,482		1,725,595	377,340	
TOTAL		22,520,000	6,241,106	28,761,106		1,836,051	564,860	2,400,911
(*) Self supporting loan financed by payments from third parties								4,962,263
(**) Loan financed by repayments through service charges or rental charges								
All other loan repayments are financed by general purpose revenue								



New Asset Management Language

- Level of Service
- Maintenance/Renewal/Upgrade/New
- Whole of Life Costing
- Risk Management
- Intervention Level & Condition Assessment
- Funding Gap
- Fair Value Accounting
- Useful Life



Our Asset Base

Asset Summary	Replacement Estimate	Percentage
Municipal	\$449,272,498	78%
Buildings	\$142,142,962	32%
ICT	\$2,363,299	1%
Infrastructure	\$287,721,237	64%
Plant & Equipment	\$17,045,000	4%
Airport	\$125,552,727	22%
Buildings	\$36,068,360	29%
ICT	\$1,254,289	1%
Infrastructure	\$86,630,078	69%
Plant & Equipment	\$1,600,000	1%
Grand Total	\$574,825,225	100%



Asset Management Gap



Asset Management Gap 2012/13	
Footpaths	776,707.00
Roads	1,111,364.00
Drainage	515,022.00
Lighting	163,526.00
Reseals	1,755,797.00
Kerbing	269,085.00
Buildings	5,495,714.00
Playground Equipment	55,000.00
ICT	737,276.00
TOTAL	10,879,491.00

- Calculations are based on information captured during 2012/13
- Gap is only for 2012/13 and does not reflect the long term impact of not addressing it

Whole of Life Cost of Assets



Annual Service Cost – Public BBQ

Assume (10 yr life)

	Capital	Annual	Remarks
Capital	\$8,000		
Interest		\$400 5 % pa	
Depreciation		\$800 pa	If used twice per day on average
Operations – Gas		\$400 pa	
Operations - Cleaning		\$6,800 pa	
Maintenance (Ave)		\$500 pa	\$13.20 per use
Demolition		\$100 pa	\$90,000 over ten years
Total:	\$8,000	\$9,000 pa	

Rates – Increase by 12%

Differential Rates	2012/13 Budget				% increase in RID	2013/14 Proposed				Overall Increase In Rates 13/14
	Rate/Min	No. Properties	Valuations	Total Rates		Rate/Min	No. Properties	Valuations	Total Rates	
GRV Residential	3.1025	4,712	354,834,239	11,008,732	12.00%	3.4748	4,882	370,289,092	12,866,805	1,858,073
GRV Commercial	3.1340	162	26,455,289	829,109	12.00%	3.5101	170	28,681,786	1,006,759	177,651
GRV Industrial	3.1025	310	45,002,488	1,396,202	12.00%	3.4748	326	46,037,092	1,599,697	203,495
GRV Shopping Centre	6.2050	2	8,681,850	538,709	12.00%	6.9496	2	8,681,850	603,354	64,645
GRV Ex Gratia	3.1025	-	-	-	12.00%	3.4748	-	-	-	-
GRV Mass Accomodation	7.4551	16	29,432,520	2,194,224	33.08%	9.9212	17	30,712,960	3,047,094	852,870
UV Mining Improved	35.3748	51	1,581,308	559,385	12.00%	39.6198	50	1,564,469	619,839	60,455
UV Mining Vacant	35.3747	66	1,149,692	406,700	12.00%	39.6197	74	1,238,073	490,521	83,821
UV Pastoral	5.7685	8	1,611,162	92,940	12.00%	6.4607	9	1,810,889	116,996	24,056
UV Other	11.7216	13	1,566,560	183,626	12.00%	13.1282	13	1,566,560	205,661	22,035
UV Other Vacant	13.3060	1	200,000	26,612	12.00%	14.9027	1	200,000	29,805	3,193
Subtotal		5,341	470,515,108	17,236,238			5,544	490,782,771	20,586,533	3,350,294.36
Minimum										-
GRV Residential	1,040.00	409	7,232,482	425,360	12.00%	1,165	397	7,338,702	462,426	37,066
GRV Commercial	1,040.00	74	1,145,508	76,960	12.00%	1,165	74	1,069,363	86,195	9,235
GRV Industrial	1,040.00	46	933,914	47,840	12.00%	1,165	58	901,354	67,558	19,718
GRV Shopping Centre	1,040.00	-	-	-	12.00%	1,165	-	-	-	-
GRV Ex Gratia	1,040.00	-	-	-	12.00%	1,165	-	-	-	-
GRV Mass Accomodation	1,040.00	-	-	-	12.00%	1,165	-	-	-	-
UV Mining Improved	1,040.00	47	59,526	48,880	12.00%	1,165	46	57,951	53,581	4,701
UV Mining Vacant	1,040.00	247	190,400	256,880	12.00%	1,165	252	201,910	293,530	36,650
UV Pastoral	1,040.00	2	182,709	2,080	12.00%	1,165	2	27,000	2,330	250
UV Other	1,040.00	1	27,000	1,040	12.00%	1,165	1	102	1,165	125
UV Other Vacant	1,040.00	9	102	9,360	12.00%	1,165	9	48	10,483	1,123
Subtotal		835	9,771,641	868,400			839	9,596,430	977,267	108,867
Total		6,176	480,286,749	18,104,638			6,383	500,379,201	21,563,800	3,459,162

Rates Summary

- 2012/13 Budget increased by \$3 million with average increases (based on the number of properties and valuations within these categories) of:-
 - 19.6% Residential
 - 36.6% Commercial
 - 31.9% Industrial
- 2012/13 Increase allowed for funding for Asset Management programs of \$365,805
- A rate increase of 12% will only provide a quarter of the new staff proposed in the Workforce Plan, impact on the focus on asset management and potentially reduce services
- 10 year asset management gap of \$163 million. A 12% increase provides an additional \$500,000
- Will continue to undertake review of all expenditure programs and potential additional revenue sources



Where to from here...

- 29 May – Public Submissions Close for Rates
- 5 June or 12 June – Special Meeting of Council to consider public submissions (note that this date will depend on the number of public submissions)
- 6 June or 13 June – Seek Ministerial approval for modified rates in the dollar depending on Council resolution
- If Council resolution modifies rates in the dollar – will not achieve a 26 June approval of budget given Ministerial approval will still be required, and a reduction of services will need to be identified



Questions

Questions about Rates?
General Questions?

**THANK YOU FOR
ATTENDING THE FIRST
COMMUNITY CONVERSATION**

