



SPECIAL MEETING OF ELECTORS
MINUTES

11 JUNE 2018

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Meeting Procedures

The procedures for this meeting of electors are governed by the *Meeting Procedures Local Law 2011*.

As such, this meeting is controlled under sole direction of the Mayor.

The following requirements apply:

- Be courteous and respectful – *Section 5.17*.
- Comply with the directions of the Mayor as Presiding Member – *Section 5.17*.
- Do not interrupt or interfere with proceedings – *Section 5.17*.
- The Mayor will determine the order of speaking so wait your turn to speak – *Section 7.5*.
- You need to cease speaking when asked to by the Mayor – *Section 7.5*.
- Do not use offensive language – *Section 7.7*.
- Stick to the question you are asking – *Section 7.7*.
- Don't dominate the discussion – *Section 7.9*.
- Don't interrupt others – let everyone have their say – *Section 7.11*.
- Don't use offensive or objectionable expressions in relation to individuals – *Section 7.14*.
- Limit questions and statements to 5 minutes per person – *Section 7.9*.

If the above requirements are NOT followed, the Mayor may:

- Warn the person to cease making a disturbance and if the behaviour continues the Mayor may order the person to leave the meeting – *Section 5.17*.
- Cause the removal of the person from the room should he/she fail to leave willingly – *Section 5.17*.
- Direct the person who is being offensive or insulting to withdraw the remark and apologise – *Section 7.15*.
- Rule the person out of order and direct him/her to refrain from taking further part in the meeting, other than to vote – *Section 8.6*.
- Adjourn the meeting for up to 15 minutes – *Section 8.7*.
- Adjourn the meeting to another time and place – *Section 8.7*.

CITY OF GREATER GERALDTON
SPECIAL MEETING OF ELECTORS
HELD ON MONDAY, 11 JUNE 2018 AT 5.30PM
QUEENS PARK THEATRE, 75 CATHEDRAL AVENUE, GERALDTON

M I N U T E S

1 DECLARATION OF OPENING

The Presiding Member declared the meeting open at 5.30pm.

2 ACKNOWLEDGEMENT OF COUNTRY

I would like to respectfully acknowledge the Wilunyu People and the Yamaji people who are the Traditional Owners and First People of the land on which we meet/stand. I would like to pay my respects to the Elders past, present and future for they hold the memories, the traditions, the culture and hopes of the Wilunyu and Yamaji people.

3 ATTENDANCE

Mayor S Van Styn
Ross McKim, Chief Executive Officer
Bob Davis, Director of Corporate & Commercial Services
Phil Melling, Director of Development and Community Services
Chris Lee, Director of Infrastructure Services
Paul Radalj, Manager Corporate Services
Brian Robertson, Manager Land and Regulatory Services
Sheri Moulds, PA to the Chief Executive Officer

Councillors – 13 [Cr T Thomas - Leave of Absence]

City of Greater Geraldton Officers - 5

Electors as registered for the Meeting - 60

The Mayor advised the meeting of the Meeting Procedures for this meeting.

The advised that this meeting was being recorded and livestreamed. No objections were received.

4 PURPOSE OF THE MEETING

Under Section 5.28 of the Local Government Act 1995 the electors of Geraldton request to discuss the following:

1. Rates to be struck for 2018-19.
2. Discussion of finances related to specific projects.
3. Need for disclosure of transparency of financial detail of major contracts.

4. Availability of information to ratepayers – No restrictions to apply unless suppression is placed specifically by the Mayor.
5. Council finances – the need for resolutions relating to their analysis and propriety over the past 5 years.

5 PUBLIC QUESTION TIME

Questions provided in writing prior to the meeting or at the meeting will receive a formal response. Please note that you cannot make statements in Public Question Time and such statements will not be recorded in the Minutes.

Our Local Laws and the Local Government Act require questions to be put to the presiding member and answered by the Council. No questions can be put to individual Councillors

The following questions were provided prior the deadline of 5pm of 5 June 2018. Responses will be provided at the meeting.

Any questions taken at the meeting may be taken on notice and responded to in writing at the next Ordinary Meeting of Council.

Public Question Time commenced at 5.33pm.

Where an answer to a question is given at the meeting, a summary of those questions will be included in the Minutes. S5.7(4) Meeting Procedures Local Law 2011. On occasions no microphone was utilised by the member of public posing the question.

Dr Barry Thompson, e-mail address supplied

Question 1 – Flag Pole

A number of rate payers believe that we were never told the truth about the flag pole ordered by Tony Brun without council sanction.

In fact he ordered the item and then council rejected the proposed purchase. It was apparently delivered but we never got to find out the total cost or what happened to the flag pole. We would like a full disclosure. Can you elaborate please?

Response

Thank you Dr Thompson for your question. Unfortunately the proposed Geraldton flagpole project seems to have become part of local folk lore. The Mayor, CEO and Engineer of the day are all no longer a part of the Council to directly ask them your question. However the minutes from the 2012 electors meeting which are on the City website provide a detailed account of the questions asked and the responses given. I will include these as part of the minutes of this meeting as well for the record. I also refer you to the minutes of the Ordinary Meeting of Council 24 November 2009 an extract of which will also be included in the minutes of this meeting.

My reading of this documentation is that the flag pole was ordered and then the order was cancelled resulting in a cancellation fee of \$3,130 being paid by the City. The CEO publicly took responsibility for the matter.

Extract from Ordinary Meeting of Council – 24 November 2009 - Mr Phil Shepherd, 19 Ashton Close, Mt Tarcoola

Question

Are you satisfied that all Councillors of the City of Geraldton-Greenough have now been fully and properly informed on all elements surrounding the 35m flagpole issue and do you and your Councillors now accept that ever was a formal proposed concept for a 35m Flagpole on Edith Cowan Square?

Response

The Mayor advised that he is and that all information has been provided in the report and attachments for the consideration of Council.

Question

In the event of Council resolving not to proceed with the installation of the \$77,995.55, 35m flagpole on Edith Cowan Square, will you please investigate how the \$5,000.00 cancellation fee will be funded and will you please advise who will be the recipient of the \$5,000.00 cancellation fee.

Response

Any costs incurred would be allocated to the Foreshore Development Project. The only outstanding cost is the potential of up to \$5,000 payable to Ingal EPS in relation to potential cancellation costs.

Extract from Special Meeting of Electors of 11 September 2012 - Page 15

Question 23

Confirmed by various CGG staff, please tell the ratepayers where the flagpole is? If the order was cancelled, please show us the cancelled invoice. Is it true that the flagpole was ordered without approval from the Councillors and a \$5000 deposit was paid?

Response

There is no flagpole.

It is the case that a purchase order was raised prior to the matter being deliberated on by Council. Purchase order 16038 was subsequently cancelled.

No deposit was paid but a cancellation fee of \$3130 was paid to compensate the provider for some initial work undertaken after receiving the order.

This matter has been extensively and publicly responded to on the public record in Council Minutes of 13 October 2009 & 24 November 2009 in response to public questions provided.

*Extract from Special Meeting of Electors of 11 September 2012 - Page 27*Question

Mr John Ward referred to Question 23 that was submitted by the City of Greater Geraldton Ratepayers Demand Change and the City's response as presented above.

Was a purchase order raised incorrectly and has the amount been recouped.

Response

As discussed at the time, the CEO advised that ultimately it is his responsibility in terms of what decisions staff take and what actions they take. This has been dealt with quite extensively. At the time the CEO gave instructions as people recall in 2008 when the CEO came to the City, the foreshore project had been progressing slowly. One of the directives he gave to the staff was to do whatever it takes to get action done and make decisions quickly. At the time as well, the City was looking at ways to make improvements and variations to the design of that project that would actually deliver it a way that was more useable and friendly. There were changes to scope in minor ways and in some significant ways. They included putting retaining walls around the playground, as it was going to be earth banks as the City knew that parents would rather sit on lime stone walls rather than earth banks which you couldn't sit on, this didn't go to Council. That was a decision made by staff under the CEO's direction to make it a more useful space. The decision to include additional shade structures was done by staff to make it a more useful project under the CEO's direction. The decision to go ahead with the flag pole was done by staff. It was a concept that was talked about and the CEO asked staff to start looking at it, did not give direction to do it, which was because at the time the City identified savings within the project of \$80,000 that financial year. The City knew they had major events, it had discussions with RSL about relocating the route, which has now subsequently happened for the Anzac Day March past, and the City thought that there was an opportunity within the budget, that was approved by Council, to actually put structures up there that would be iconic and attractive to the City. The CEO advised that it was his call. The CEO's direction to staff, he didn't sign off on any purchase order, but he never reprimanded a staff member, as he said in Council on the public record back at that time, as he gave them the directive to them to get things happening. Unfortunately with that one it didn't go to Council, as with the retaining walls around the playground equipment, as some of the shade structures didn't. The CEO advised he takes responsibility for that.

If out of a \$33m project under the CEO's direction there is a loss of \$3,000 through an incorrect order then he will take full "cop for it". But he had delivered, under that project, a \$33m project within the final time frame that was allowed going back to 2002, it was delivered within the

budget and the funds provided – a \$33m project – and he looks with interest at some State Agencies compare equivalent projects, some projects started at \$150m and end up at \$450m projects, and no one is asked to account about that sort of variation. In full view of every member and every ratepayer at the meeting, the CEO takes full responsibility for that, and as said – he did not reprimand that staff member because I didn't want the culture that was in the organisation which was not to make a decision; to let things lie; and sit in the hope that the fear of being reprimanded would not be tolerated under the CEO.

The CEO advised that he accepts full responsibility for the \$3,000, he accepts full responsibility for the fact that the City came up with the idea of a flag pole, it didn't work out, but he loves the culture that has been built up in the organisation that was to have a go; that was to do things that are different; to challenge; and not be embarrassed by what they wanted to do.

Question

Member of the audience presented a question:

He advised that he had a picture of the flag poles, in the 'shire' yard and that he photographs of the poles, and had gained access to the 'shire' yard.

He advise there are two flag poles in a wooden box and they are galvanised. Whose money is it?

Response

The whole issue relates to a 35 metre flag pole proposal. The City did buy flagpoles, one is out the front of the Queens Park Theatre, which was used, there are four standard flag poles, which are part of the normal purchasing process. One of those is out the front of the QPT, and that was used for the Aboriginal flag, which this City never used to fly; two are down at the foreshore at Batavia Park, they are standard 9 metre poles. They are only used during Anzac Day for the March pass. The other flag poles the City intend to use are actually there as replacements, as the poles at the front of Civic Centre, Cathedral Avenue are old wooden poles and are not in a condition to stay up much longer. The intent is to use those flag poles purchased at Mullewa where the City needs those extra flagpoles because historically they have never flown the State flag or the Aboriginal flag. In accordance with Council Policy the City flies all those flags.

Yes they were purchased as part of the normal process and were not the 35 metre flag poles.

They have never been hidden in different buildings around the Town, it was never received,

Question*Question from the floor*

Referred to the response from Question 23, and advised he has not a problem with that, but wouldn't it be expedient in open and accountable government to also to tell the ratepayers that 20/11/2009 that the City paid a company called Ingal \$870 for the design of a concrete footing or a footing for a flag pole. The City also paid the same company on the 18/12/2009 a sum of \$5,789.74, so thinks the actual cost, while accepting the CEO's response in respect of the overall cost of the foreshore project, it is not a huge amount of money, but in light of the controversy at the time surely we would present all of the facts to the people that go to the trouble of asking these questions and do not want to be fobbed off with any old answer, they want the whole answer. They will accept the whole answer, everybody makes mistakes, nobody is god, except for God, but when people continue to ask the same question but don't get the total answer it leads to all sorts of innuendos. He thinks we need to be open, and accountable and in this case, he doesn't think the City has been.

Response

The figures quoted were in a Council minute which was provided in 2009, openly and transparently on the public record and also in letters provided to the various people, and at the time the advice given to Council in the public record and to the letters that were responded to individual that wrote to the City, stated that they would seek to recoup the cost or redirect those expenditures where possible. The only cost that the City was not able to recoup was the \$3,300 figure for the pole. The rest in terms of the concrete work and footings was actually reallocated and with negotiation with Ingal for other elements within the foreshore project, so they were not funds that were paid for no return. This information was provided back in 2009 of the likely total liability would be back then and as I had in the advice and in the letter, which was provided to the gentleman that raised the question.

No money was lost as part of that work. Ultimately the only bit that was lost was the \$3,300 expenditure. This cost could not be recouped.

Extract from Special Meeting of Electors of 11 September 2012 - Page 57

Question

With your answer to Question 23 stating that a cancellation fee. Should it not have also included payments made to Ingal & PS for \$870 on the 20.11.2009 & \$5789.74 on 18.12.2009.

Response

No. As has been repeatedly explained on the public record, including reports to Council since 2009 and direct letters to individuals. It is on public record that the order for a concrete foundation was not cancelled, but re-directed to another project. The funds were spent for that project – not in any way related to the cancelled flagpole project. And to reiterate

– a large 35 metre flagpole was never purchased. It does not exist and never did.

Question 2 – Dogs from Eastern Municipalities

Can you comment on a report that stray dogs from eastern municipalities are being sent to Geraldton please?

Mr Thompson advised that after making his own enquiries that the dogs were being sent to Perth and that the people doing this were being paid \$5,000 a consignment.

Response

Thank you for the question Dr Thompson.

The City confirmed that it is not being sent dogs from Eastern Municipalities.

Question 3 - Olive Street Project

Can you provide comprehensive details on the **funding** of the Olive Street remediation please and how site works were initiated? It was a very costly exercise I understand. Can you explain **where the remediation funding was from?** IE If any was from outside sources in the way of grants etc. Can you advise when moves were first made to access these please? As a separate matter, **can you provide a copy of the environmental report that was authorised**, when it was authorised and the categorised costings for each major facet of the report as received please?

Response

Thank you for your questions Dr Thompson.

The Olive Street Reserve Project can rightly be described as a legacy project and I would not like to guarantee I have all of this historical background information exactly right.

In April 1960 Mr Green bequeathed 18 acres of a reserve on Durlacher Street to the City on the condition that the land be named 'Leonard T Green Memorial Park' that the land be used as a sporting reserve and a memorial be erected in honour of Geraldton District citizens who lost their lives in World War I. This land ended up being used by the State as part of their by-pass road works. Hence in 1968 Council decided that the area now known as the Olive Street Reserve (Reserve 30043) would become the 'Leonard T Green Memorial Park'.

In 2005, there was a proposal to construct an aged person's home on the site. However, at its meeting of 11 August 2005, Council resolved to action as soon as practically possible the original deed objectives in a manner that is acceptable to the donor family.

Subsequently, at its meeting of 10 November 2009, Council resolved to develop the land in accordance with a concept plan presented by Greg Rowe and Associates and affirm its commitment to the Green family.

Subsequent site investigations revealed the presence of asbestos material. At its meeting on the 13 April 2010 Council resolved to adopt a concept plan for the development of Reserve 30043 Olive Street, Mahomets Flats, and committed to the rehabilitation and development of the Olive Street development. This resolution facilitated the progression of a detailed evaluation of the site.

During the site investigation, asbestos-containing material (ACM) was identified in within the basin portion of the Site and also at depth beneath a number of proposed residential lots. Hence, the detailed cost estimates to remediate the site for the purposes of a residential subdivision were found to be prohibitive. As such, at its meeting of 23 June 2015, Council resolved to rescind its decision of 13 April 2010 and resolved to commit loan funds to the remediation works of the site to create public open space, to naming the Olive Street public open space in accordance with the Deed of Gift by Leonard T Green, and to install an appropriate memorial plaque to the late Leonard T Green.

In keeping with this 2015 resolution, officers completed the required environmental studies, obtained the required approvals and prepared a design and tender for the remediation of the site. The estimate to undertake these remediation works was \$4.5 million and this figure was then provided for in the capital works budget through loan funds. No grants were received for this project.

The final cost of these remediation works was approximately \$3.4 million with savings made in how the asbestos material was managed, by developing the site as a nature reserve rather than a manicured park and by not installing irrigation on the 8 hectare site which is roughly estimated to cost over \$1 million. The decision not to irrigate the site and the subsequent dry weather has resulted in some plant loss, but the cost to replace these plants is a much cheaper option. The site also includes an ephemeral wetland meaning that stormwater that was previously directed to the ocean is now put back into the groundwater which may mean in time that it can be used to irrigate the site. To irrigate the site currently the City would need to use scheme water which also would not be cheap. The City also determined not to install a sealed cycle track / pedestrian track around the site to further save costs.

The Remediation Action Plan (RAP) prepared by a consultant environmental engineering firm and has been uploaded to the City website. The West Australian Planning Commission (WAPC) Conditional Approval (27 March 2012) for the project included requirements and advice from the Department of Environment and Conservation (DER) pertaining to Detailed Site Investigations and the remediation of any contamination identified during this process.

The Specification for the completion of the earthworks was prepared in accordance with the requirements of the RAP.

The WAPC conditions were required to be met at completion of the project (as opposed to inception when the original item recommending development would have gone to the Council of the day) in order to obtain clearances.

With respect to actual expenditures on the project since 2011, they are as follows:

2011/12	\$24,166
2012/13	\$743,277
2013/14	\$373,295
2014/15	\$138,096

Hence the total expenditure over these three years prior to the remediation works was \$1.28 million.

This expenditure is made up of the following:

2011/12 – Consultant project manager costs - tender documentation preparation, scheme amendment & subdivision application - \$24,166;

2012/13 - Consultant project manager costs, Consultant site Investigations & reporting; UXO Site Searches and reporting; Consultant soil analysis and reporting, Engineering and hydrological services reporting, surveying of site and subdivision planning, contaminated site auditor costs, flora and fauna survey costs, plant hire and fencing costs, traffic survey costs. All costs associated with subdivision and scheme amendment. - \$743,277;

2013/14 - Consultant project manager costs, Consultant site Investigations & contractor earthworks and reporting - \$373,295; and

2014/15 - Consultant project manager costs, Consultant revised subdivision planning and concepts, Environmental site auditor reviews and reporting, Real Estate costs and consultancy fees, Consultant costs for Preparation of Detailed Site Investigation report, Preparation of Remediation Action Plan, Preparation of Site Management Plan and Residential Lots Review Report - \$138,096.

In addition to these costs were the recent remediation costs as per the 2017 reports to Council which equalled \$3.4 million.

It should be noted that these works allow the City, should it wish, to sell 15 freehold lots with the revenue offsetting the costs detailed above.

Supplementary question from Mr Thompson from the floor.

Mr Thompson advised that he had a problem with the timeline. Mr Thompson referenced the Environmental report that was conducted in 2010. He reference a meeting that was held with Bob Davis, Director of Corporate & Commercial Services on 28 May 2013 regarding the Olive Street Project. Mr Thompson advised that B Davis told the meeting that the proposal was to do a residential sub-division to borrow \$12M and to make a profit of \$5M – the representative

then asked Mr Davis if the City had conducted an environmental survey and was met with silence.

Mr Thompson made reference that the site was a rubbish tip, which anyone over 6 knew about and how Rubbish Tips are generally dealt with to become open space. Mr Thompson made reference to European Cities and how they manage their sites.

Mr Thompson advised he had a problem with the timeline of the environmental survey and the cost of the survey. Mr Thompson advised that he and Mr Correy have been intimately involved with an intensely contaminated site and when the contractor's bill reached \$20K, they told them to take a jump and then dealt directly with the Government Department, who knew their business well and knew how to assist them.

Mr Thompson questioned the bill of \$1.3 million on the survey and how the City got itself in to the position where it had to remediate.

Response

Ross McKim advised that the City has given the year to date costs as noted above.

Remediation Action Plan, which has State requirements. The City has attempted to comply with all the requirements in the documents. Would suggest there are other environmental reports out there. The one on the website is for viewing is the primary document, now linked below.

Reference: Remediation Action Plan – September 2016:

https://www.cgg.wa.gov.au/Profiles/cgg/Assets/ClientData/Documents/Infrastructure/City of Greater Geraldton Olive Street Remediation Action Plan September 2016 FINAL Reduced_size.pdf .

The Mayor added that Council has resolved to complete a lot of legacy projects.

Supplementary question from Mr Thompson from the floor.

B Thompson ask when was the first environmental survey initiated and what were the results – if they were damning how does it explain at the 2013 Council Meeting where Mr Davis advised the City was proposing to borrow \$12M and make \$5m.

Response

This question was Taken on Notice

Mr Thompson also requested of the cost of the residential sub-division which should be added to the cost of the survey and remediation.

Question from the floor

With the Projects underway will the City target over a little bit of time or is the City trying to get them all done in one hit.

Response

The Mayor advised they are all now largely completed, with Beresford nearly completed and the Animal Management facility is the last project.

R McKim advised that the focus is on more renewal projects over the last 2-3 years – footpath; road works etc, Where the City has taken on large projects on the whole have been grant funded.

Question 4 – Medalia Beach Project

A resident near this development wants to know if the lawn and the two mature palm trees will be re-positioned back in this vicinity as they were quite iconic to this locale?

Response

Thank you for your question Dr Thompson.

In the development of the amenity design, the City undertook significant community consultation. The consultation included surveys and community meetings. The overall design takes into account the community's request for an area that is family friendly and supports passive leisure activity. Where possible, the City also took into account specific community concerns. Examples of this included locating the proposed toilet block as far away from residential dwellings as possible, moving shade shelters further away from residential properties and moving the location of a car park away from a street intersection.

Once construction commenced, it was brought to the City's attention that the three large existing palm trees located roughly at the mid point of the project were planted by a local to mark the death of Elvis Presley. As such the City has been in contact with the resident who planted these palms and have attempted to retain them. One of the three palms unfortunately is not surviving and will need to be removed. The consultation exercises did not reveal a strong attachment to the palm trees at Midalia beach and these have been removed. The master plan for the area illustrates significant replacement planting.

The City did enquire about planting mature trees as part of the project. However at a cost of \$30,000 each and with no guarantees with respect to their survival, this option was not pursued. Where possible infrastructure that was in place on the foreshore prior is being repurposed. An example is the rotunda now in place on Kempton Street.

B Thompson noted there is significant opportunities in spatial art and suggested that local artists be engaged rather than supporting people from out of town.

This was noted and will endeavour to use local artists where possible. The City is big on buying local. The Contractors on this project is a local contractor from Dongara who are employing local people.

Question 5 – Rocks Laneway

A rate payer wants to know how CGG justified paying the price they did for the former Rock's paper shop in Marine Terrace, given recent sales in that locality? Already there is minimal recreational free space In the Marine Terrace CBD precinct. It would be preferable not to reduce that free space by the installation of a toilet block. It would make far more sense to locate any new toilets in the newly acquired premises otherwise it will just be an extremely costly walk way.

Response

Thank you Dr Thompson for your question.

In response to the current economic climate, the City has been a part of and completed high level strategic planning that has the aim of generating economic activity within Geraldton. In the main, this strategic work was funded by the State and completed in consultation with the State. These documents are available on the City website. The main document is the Growing Greater Geraldton Plan. One of the resulting strategies being pursued by the City is CBD Revitalisation. The CBD is the heart of the City and it needs to be vibrant and active. As a result the City developed and published the Draft City Centre Revitalisation Plan. This in turn formed the basis of the CBD planning policy and the subsequent development of the CBD Master Plan which is currently being drafted. These documents included significant public consultation components are also available on the City Website.

These documents supported the idea (first recommended in 2011) to purchase the Rocks Newsagency to turn it into a laneway and community space. In 2011 the Council of the day did attempt to purchase the property but was unsuccessful. Recently the City tried again and was successful. The City has subsequently approved a concept plan for the space which again is available on the City website. The concept plan shows that the intention is to retain as much of the existing building structure as possible to retain the historical connection and reduce costs.

The price offered for the land was based on a valuation from professional valuers Knight Frank. This valuation was the basis upon which the City made an offer. Recognising that the City does not pay GST, the cost to the City was \$1.6 million.

With respect to the toilet, the Council is very supportive of constructing a new toilet in the CBD. This issue has been a concern of CBD users for many years and I note your thoughts on the location of the toilet. The idea to contain a public toilet in the laneway space has been considered. However due to CPTED (Crime Prevention Through Environmental Design) issues, the preference at the project concept phase was to locate the toilet block in Clock Tower Square where it will be more visible and less likely to attract poor

behaviour. However, the detailed design phase is currently out to public tender. The final location of the proposed public toilet facility will be subject to the design process that will incorporate CPTED principles. This process will ultimately inform the final location of a facility that allows for safe public use.

Question from the Floor

Geoff Cannon asked if the total cost of the project has that been estimated and established, has that been worked up economically?

Response

R McKim advised that the concept is still a concept and the quotes for a detailed design and estimate has closed today. The intention is to retain as much of the building as possible. Side walls are brick and trusses are fine and the intention is to retain all those. The intention is to remove some internal walls and on each end to create a laneway. The City is conscious of costs and balancing this to create a space to achieve the goals. Please refer to the Council agendas where the quotes will be presented to Council.

Mayor added that the building had recently been re-roofed. There is always a need for shade in the CBD and this laneway will provide that.

It is a work in progress.

Question from the Floor

Rita Stinson thought that a toilet near the clock tower is a ridiculous place. Used for entertainment and therefore not appropriate. She suggested perhaps inside the door of the laneway.

Response

This was noted.

Question from the floor – No M/phone

What do Councillors get paid?

Response

In Western Australia, there is the Salaries and Allowances Act 1975 which requires the Salaries and Allowances Tribunal to regularly determine a remuneration band for Mayors, Councillors and CEO's.

The City of Greater Geraldton is classified as a Band 1 Council by the State Government.

Their April 2018 report as shown below:

For a council member other than the mayor or president		
Band	Minimum	Maximum
1	\$24,360	\$31,364
2	\$14,718	\$23,000
3	\$7,612	\$16,205
4	\$3,553	\$9,410

For a mayor or president		
Band	Minimum	Maximum
1	\$50,750	\$88,864
2	\$15,225	\$62,727
3	\$1,015	\$36,591
4	\$508	\$19,864

Mayor

Annual Allowance = \$ 72,326.00
 Plus Meeting attendance fee = \$ 33,216.00

Deputy Mayor

Annual Allowance = \$ 18,084.00
 Plus Meeting attendance fee = \$ 25,716.00

Councillors

Meeting attendances fee = \$ 25,716.00

Other Allowances -

Maximum Allowance of \$3,500 pa in ICT expenses (if claimed individually)
 And a child care allowance of \$25.00 per hour of the actual cost (if claimed individually).

Mr Correy entered the stage requesting to move a motion that that his question and Mr Brown's questions not be heard.

The Mayor advised as Presiding Member that he overruled the motion. The Mayor advised that everyone is entitled to ask questions.

Mr Paul Brown, 2 Wavecrest Circle, Drummond CoveQuestion 6

Can Council please tell me how many people showed up to your last council meeting to ask questions on the budget? How many over the last 3 months?

Response

Thank you Mr Brown for your question.

The following number of members of public attended the last 3 Council Meetings, and below are the questions there were asked:

22 May 2018 – Members of Public in attendance 5

- *Nil questions*

24 April 2018 – Members of Public in attendance 1

- *Question from Mr Max Correy - Olive Street Development*

27 March 2018- Members of Public in attendance 8 – held in Mullewa

- *Question from Mr K D Tucker – Walk Trails*
- *Questions from Sofie and Isabella - Our Lady Mount Carmel Primary School – Mullewa*
Thank you for swimming pool, town hall, Doctors surgery. Ideas to improve the local community – outdoor movie night; police presence at night; and requesting talking to kids about wearing helmets while riding their bikes.
- *Questions from Shari Comeagain and Tahnasia Mitchell, Mullewa District High School - Request to support a girl's football team; and CCTV installation.*
- *Questions from Mr Paul Brown, 2 Wavecrest Circle, Drummond Cove - Drummond Cove road plan; Ongoing contamination from Blue Asbestos; and Fencing removal.*

Comment from the floor

Mr Thompson made reference to the petition that has been circulated around town has 347 signatures and the electronic version had over 500. He advised that people are too complacent to turn up at ratepayers meetings, as they consider themselves time poor so accessing them through a petitions or electronic media allows them an opportunity to indicate their interest.

This was noted.

Question 7

What is the cost of running this meeting tonight and would it not have been cheaper to have had people simply ask questions at a regular meeting?

Response

Thank you Mr Brown for your question.

Taking into account the cost to hire equipment, staff and operate this facility, the cost to process the correspondence leading up to this event (which has been significant), the cost of public notices and the cost of preparing the agenda, and ultimately the minutes, this meeting will cost the ratepayers in the order of \$20,000 to hold.

The Mayor asked that roving microphones be used for the purpose of allowing those viewing the meeting on line can hear the questions being asked.

I would like to take the opportunity to advise the community members present here today that you can come to any Council Ordinary meeting and ask three questions, you don't have to wait for a Special Elector's Meeting. You can also write or email the City or ring Customer Service.

Comment from the floor – No M/phone

Butch Parker questioned the cost of \$20K and did that come from the sale of cars. Mr Parker believed that the City had recently purchased new cars. The town is hurting, unemployment is significantly high and there is no work and no prosperity coming through. He is concerned that it will hit us in the hip pocket

The Mayor noted the comment.

Question from the floor

Geoff Cannon asked what are the hire costs of equipment and staff, can understand the wages, noting that the City owns the QPT and the audio equipment. He asked what did we have to hire in terms of facility or equipment.

Response

R McKim advised that there are still costs, the lights are on, there are two staff at the doors, the QPT still needs cleaning, rubbish removed. The hire of the building is an internal charge because the Government requirements for our audits and finance systems you have to attribute the costs back to the facility.

Mayor added that the Executive Team and Mayor have been removed from their normal roles, due to the sheer volume of information requested and questions in total 50 – 60 spanning 10 years, which required research, which involved a cost.

Question 8

How many public submissions did you receive from the public about the proposed rate rise of 3.5%?

Response

Thank you Mr Brown for your question.

Four public submissions were received. As per legislative requirements, these four submissions will form part of the budget papers presented to the June 2018 Ordinary Council Meeting.

The Mayor advised that a submission from Max Correy suggested a 10% rates reduction across the board.

Question from the floor – No M/phone

Jon Ward asked if that included the petition that was submitted.

Response

R McKim advised the meeting of the process to advertise the Notice of Intention to Rate, which is determined by Council and then is publically advertised for submissions, with a closing date of 23 May 2018

R McKim advised that he had received an electronic petition today [11 June 2018], but it is outside of the process that Local Governments have to follow.

Comment from the floor – No M/phone

Mr Geoff Barrett advised he has only received a response to an e-mail of 25 May from Cr Keemink.

Mayor advised that he had responded to Mr Barrett within 48 hours of receipt of his e-mail.

Mr Barrett advised that the response referred to a question he had not raised.

Mr Thompson commented that this was the letter that was recalled.

The Mayor advised the he did not recall any letter.

[Postscript: for the record this letter was recalled by City administrative staff as a typo was noted].

Question 9

Has Council made any decisions on what the rate rise (if any) will be this year?

Response

Thank you Mr Brown for your question.

No. The Council will make its decision on the budget at its June 2018 Ordinary Meeting.

Question 10

Can you explain what the level of rates would be this year had you of accepted the motion from the last special electors meeting where CGGRDC called for a 7% rise for residential and a 10% rise for commercial rates, assuming you had stuck to the then LTFP of rises of 7% per year?

Response

The Mayor advised that back in 2012 the Greater Geraldton Ratepayers Demand Change group moved on this floor that business rates be lifted by 10% and residential rates be lifted by 7% at that time.

At that point Council had a plan that rate rises would be 7% for the coming year, going in to the Long Term Financial Plan, and in recent times that financial plan has shown at 5% rises going forward. In the last couple of years the rate rises have been constrained to 1.25% to 3.5% and Council is currently considering its options in this point in time.

CEO advised that projecting an annual 7% rise in rates revenues plus growth, the projected rates revenue in 2018-19 would have been \$49.1m compared to the current draft 2018-19 budget estimate of \$46.4m.

Question 11

Can you explain approximately how many people you would have to lay off /what services you would have to cut should you not get a rise of say 3.5% and this was replaced with a freeze or a rate cut of 10% as some members of the community have called for?

Response

Very approximately, a one percent rate rise generates \$450,000 in funding for the City. If you assume with on-costs an officer is paid \$80,000 per annum, 1% in rates funds 5.5 positions. Hence if the cuts were solely applied to staff positions, a drop in rates of 13.5% would mean the loss of 74 positions.

Alternatively, a 13.5% funding reduction equates to \$6 million dollars each and every year in operational income. To reduce expenditure by this amount the City would need to consider closing a number of its facilities such as the library, Aquarena, Visitors Centre, QPT, QEII Seniors Centre.

The Mayor added that is in the context that the Council returned in the last financial year its first ever budget surplus of about \$140,000 once you take out the pre-payments of the Financial Assistant Grants (FAGs). The City reported a surplus of \$3.5M, but this was carried over to this year and received on 29 June 2018.

The City has actually balanced the books. The City was running deficits of around \$9M, which has been balanced through expenditure restraint. To ensure a balance, the approach is: one thing comes in; and one thing goes out.

Question 12

What steps has CGG taken to reduce its costs? Can you give some examples of total expenditure this year compared to projections made in say 2013 or some examples of what has been done recently?

Response

I have been with the City for two and one half years. In this period, the City has implemented significant cost cutting measures including three redundancy programs that have seen the full time equivalent staffing numbers reduced from 331 to 294. A reduction by approximately 40 full time positions. In addition, a number of contract positions were also removed. Included in these restructures was the removal of an entire Department with those services then being spread across the remaining Directors and Departments.

In 2013-14 (per Audited Final statements), CGG Employee costs were \$27,583,386. Applying EBA increases and projecting to 2018-19 using the 2012-13 actual costs and the then employment structure as the base point, Employee costs in 2018-19 would have been projected to be \$32,610,082. CGG's draft budget for 2018-19 Employee costs is forecast to be \$27,832,453. In cumulative terms, this represents cost reductions of \$16m for the period between 2013-14 and 2018-19.

Employee Costs		EBA %	
Financial Year	Actuals	Increase	Savings
2012-13	27,583,386		
2013-14	29,488,810	28,686,721	-802,089
2014-15	29,683,817	29,834,190	150,373
2015-16	27,897,929	30,580,045	2,682,116
2016-17	26,416,916	31,344,546	4,927,630
2017-18 (estimated actuals)	27,760,111	32,128,160	4,368,049
2018-19 (Proposed Budget)	27,832,453	32,610,082	4,777,629
	Cumulative Savings		16,103,709

In addition, as part of the City's Organisational Effectiveness Program, many more operational efficiencies have been implemented. Some examples of the positive impact these operational efficiencies have achieved to date:

- Reducing utilities costs from the 2012-13 Long Term Financial Plan projection for 2018-19 of \$4.24m to current 2018-19 Budget forecast of \$3.10m. This reduction is significant in relation to hefty increases annually in State Government charges and in relation to infrastructure expansion that has occurred over the last six years.
- Insurance costs in 2012-13 were \$906,365, the draft 2018-19 Budget forecasts this cost to be \$711,417. *Note: This reduction has been achieved even though CGG's overall assets value has increased from \$591m in 2012-13 to \$860m in 2016-17.*
- In 2015-16 CGG's Operational Materials & Contractors costs were \$22.9m – the 2018-19 draft budget estimate for these costs is \$22.6m.

This process continues.

Question from the floor – No M/phone

The question related to the cost of utilities and the use of the solar panel farm.

Response

The Mayor advised that the solar power that is generated at the Greenough Solar farm is diverted down the 133kV link to Perth and is sold to offset the Binningyup desalination plant. Therefore not power available to Geraldton.

The State Government recently announced that they have sold off the asset to a Dutch company and have outsourced those expansion works to a Perth based electrical contractor.

Ross McKim advised that City has taken steps and installed solar panels on the QPT, Art Gallery and proposing to install on the Aquarena and Airport next year. They have a short return on investment and this will be a big win for ratepayers.

Question from the floor

Rita Stinson advised that if the City is wanting Geraldton it to become a tourism town that the City should start looking further field to create tourism attractions.

At Bringoo there is a readymade picnic/caravaning/camping for overnight stays, if left too long the roads will be gone. The City should look at developing it as an overnight spot for camping with the family. Also further out just beyond Moonyoonooka there is a perfect look out. Why can't you organise this instead of focussing on the foreshore and develop these to develop a tourist road where tourists can stop and do something. That is two more things on the way to Allendale Pool. She advised she could take photos and send them through.

The Mayor asked Ms Stinson to send them to himself.

Question 13

Can you explain what role the GRV has in calculating the amount of rates needed to run CGG and who makes the decision on what GRV's are?

Response

Thank you Mr Brown for your question.

The City has recently released documents that show how the GRV is used in determining rates. These documents are available on the City website.

In accordance with legislative requirements, rates are calculated by multiplying a property's Gross Rental Value (GRV) or Unimproved Value (UV) by the rate in the dollar set by Council, subject to minimum rates.

Gross Rental Value (GRV) is the fair rental value of your property as determined by the Valuer General's Office (not Council) and is an estimate of how much you could expect to receive if you were to rent your property.

Properties used for non-rural purposes e.g. urban residential, commercial etc are valued using the GRV method above. Unimproved Value (UV) is the fair market value of your property as determined by the Valuer General's Office (not Council) and does not take into account any improvements on the land such as dwellings or outbuildings. Land used for rural purposes is valued using the UV method.

The Valuer General's Office reviews GRV's every three years. This has just occurred.

The Valuer General's Office reviews UV's every year.

The cost of providing the City's services to the community is independent of GRV values and UV values. The cost of running the City is determined by the cost of the services and assets required.

The Mayor added that Council looks at the services the community wants delivered; what are the works programs required; and then the cost required. That is when you make the decisions on what is in and what is out. Then this has to be apportioned it out to the community. By Law it how this is apportioned is that you take the GRV of the entire City and then you divide that into it and that gives you the number, and then that number applies to you individually to your respective share. It is an apportioning method. Just because GRVs go down, which recently they have gone down by about 17%. That doesn't make the lawns 17% cheaper to mow, or roads 17% cheaper to build.

Question 14

Is the City aware of any upcoming either short or long term projects that will needed funding that are currently unfunded?

Response

Thank you Mr Brown for your question.

The primary funding issue facing the City of Greater Geraldton and indeed all Australian Local Governments is asset renewal and our capacity to raise the required funds and the ratepayers' capacity to pay.

To be clear, when I refer to assets, I am referring to essential infrastructure provided to the community by the City such as roads, stormwater, footpaths, light towers, community halls, playgrounds, seats, public toilets etc. Our infrastructure is aging and a great deal of it is at the end of its useful life which means it needs urgent attention to ensure it is safe and functional.

A relevant example is the City's playground assets. The City had a great deal of old playground equipment scattered throughout the City. A child was injured on the equipment. This injury triggered an external inspection of all of our equipment which in turn resulted in the City removing over 20 playground systems. To replace all of these systems would have cost approximately \$2 million dollars. Instead, officers worked with the councillors and a community

playground reference group to create a park hierarchy and a corresponding park level of service. This saw the City install 6 playground systems only at a cost of approximately \$600,000. A similar story can be told with respect to sporting tower lighting which in many cases is also reaching the end of its useful life.

Unfortunately, rationalising many local government assets is not an option. For instance we cannot remove roads; we cannot remove stormwater drainage. In fact if roads are allowed to reach failure, the cost to maintain or renew them increases dramatically. Hence it is very important that we achieve this ongoing maintenance.

As a simple example, the City has approximately 800 kms of bitumen sealed roads. We are currently resealing approximately 9.5 kms per year. This means each road will get a reseal every 84 years. An asphalt seal typically lasts 20 years and a bitumen chip seal 15 years.

Question 15 – State and Federal Government Funding Cuts

Could I get an update on how State and Federal funds are being cut to local government?

Response

Thank you Mr Brown for your question.

Greater Geraldton Council is very appreciative of any funding we received from State and Federal Governments. Local Governments only raise approximately three percent of government charges. Hence we are very dependent on support from the other levels of government.

Unfortunately, in recent times the City has had to absorb a number of State and Federal Government freezes or cuts to local government funding. Some of these include:

- During the period 2014-17, the Federal Government's decision to freeze indexing on annual Financial Assistance Grants also had a negative impact on revenue.
- State Government funding cuts to the Regional Art Gallery. The City had to take over the running of the gallery to keep it open and we now only have a three year guarantee of continued funding.
- The State has reduced its road grants to local government.
- The State used to fund fifty percent of the Club Development Officer Position. This funding ceases as of 1 July this year.

These cuts have resulted in hundreds of thousands of dollars that have had to be absorbed by the City and it is likely that given the State's financial position, these reductions will continue. For example, the City is concerned that the

State's funding grant to the QEII Seniors Centre will be cut as the contract extension recently provided was only for six months with no indexation.

The Mayor added that State Government road funding was reduced by 28%.

Question from the floor – No M/phone

Geoff Cannon made reference to those financial economic circumstances the City finds itself in and referred back to the purchase of the Rocks building, which is nice to have a wonderful development, but how does Council prioritise its spending noting that \$450,000 is approx. 1% of rates, the Rocks building then adds up to approx. 3.5% rates increase.

How does the City make decisions on QEII centre, or parks, recreation areas or a walkthrough – what is the process?

Response

Mayor advised that a significant number of community workshops were held for parks, over a number of weekends, working out which parks were more important to the community and which ones they agreed can be downgraded to a level of service, so setting a service level obligations around parks. The City also did the same thing with sporting facilities, to which the City contributes around \$1M a year. Workshops are held on a Saturday with the public. Also the recent CHRMAP process where members of the public identify what is important to them on the coast, what can be saved and what can be retreated.

The City held a 2029 participatory budgetary process, which they won international awards for, involved a significant review of all the future capitals works that could happen in the City. It is believed the wish list spanned over \$1bn, believed sporting futures alone was \$350M. Therefore we sat down with the community and allocated ranking and then Council determines what is important. The Mayor advised that he attends the QEII Centre indoor carpet bowls every month, he would shudder to think what would happen if the facility was closed down.

Question from the floor – No M/phone

Geoff Cannon asked how does Council prioritises spending on what is the redevelopment of Rocks, which is going to be ratepayer funded, how do you prioritise that in terms of the Aquarena and QPT or QEII?

Response

The Mayor advised the important distinction is that you are talking about a capital expenditure and a revenue expenditure. The focus of the Council is to deliver a balanced budget. The Council has cash reserves, asset sale reserves and renewal reserves that are built up every year. First and foremost there is some operating statements, so we have capital workshops that determine the priority, which there are limited funds for capital work, the Council is focused on what is renewals. Our renewals work – a large portion of our work – is some \$20m annually, is determined by the City Engineers. There is a limited

discretionary amount which is around \$2M a year on new infrastructure, on a budget of around \$150M.

Question from the floor – no M/phone

Jon Ward asked if the money used to purchase Rocks could not be used for any other purposes?

Response

Mayor advised that yes, absolutely, but when you acquire freehold land you are making a one-off transaction operating for example the Aquarena at a \$1M per year operating deficit, is a very different recurrent expenditure.

Question from the floor – No M/phone

Jon Ward asked what is the role of the Club Development Officer?

Response

Ross McKim advised that the Club Development Officer is the liaison between the City and the clubs, of which there are over 100 clubs, and helps them with their governance. The role is a conduit into the City to assist with the condition of the pitches and line marking for example. The City is seeking a grant at the moment to help clubs with their governance on sponsorship and other funding streams.

Question 16 - Grants

Could the City give us a few examples of projects run by the City that received grant funding and in particular highlight the various levels of contribution by LG, State and Federal government?

Response

Thank you Mr Brown for your question.

In an effort to stimulate the local economy and to remove the cost burden from local residents, the City very actively seeks grants whenever they are available. Some recent City run projects that were grant funded include:

- The Devils Creek Road improvement program – black spot funded
- The replacement of the Yuna-Tinindewa Road Culverts
- Two recent NDRRA programs for repairs to flood affected rural roads brought in \$10 million
- The Beresford Foreshore Project
- The Karloo-Wandina Abraham Street Project
- The West End revitalisation program
- The new SES Facility to located out near the airport is fully grant funded
- This week the QPT received \$160,000
- The City's Cycling Strategy was funded by the State Government and they have in addition provided the City with a \$20,000 for investigating a cycle path to the north of the City.
- The recent WOW Festival received a Federal Government grant of \$80,000 to enable the festival to proceed.
- Derna Park Nature Playground.

- Spalding Mountain Bike Project.

Just taking the three largest projects, for every \$1 of ratepayer funding, the City was able to leverage \$9 of external funding. This a great return on investment

Major Project title	Total Cost	City Contribution
Karloo_Wandina	25,488,398	832,281
West End Revitalisation	16,512,616	5,406,432
Beresford Foreshore	19,660,063	1,850,000
Total	61,661,077	8,088,713
Ratepayer funding		13%

Recently, the City has applied for further significant grants.

Through the Federal Government's Building Better Regions Fund (BBRF), the City has applied for funding to extend the length of the runway to allow the next larger class of aeroplanes to land at Geraldton providing further opportunities for economic growth. The City has committed \$7.5 million in funds which have been matched by \$6.5 million in State Government funding. These funds have now been used to submit to the Federal Government for an additional \$10 million in funding.

Similarly, the Council needs to construct an additional cell at the Meru Landfill. These funds that have been provided within the City's Long Term Financial Plan have been leveraged seeking grant funding to improve the City's recycling and Resource recovery facilities out at the Meru Landfill.

The City is also working on a submission to seek Smart Cities Funding to improve the City's software systems which in turn will drive further efficiencies.

The City is also in the early days of preparing a City Deals Grant application to fund the continued renewal of the Geraldton CBD which is the heart of the Region.

The City is also working with the Mid West Development Commission to leverage \$10 million in State funding for the Abrolhos Islands to seek an additional similar amount from the Federal Government to allow the construction of basic infrastructure in Geraldton and on the islands to facilitate tourism which is seen as an opportunity to develop the local tourism sector.

Question from the floor – No M/phone

Mr Hickey asked what comfort can Council offer ratepayers that look at planning documents for the future and budgets for today and years gone past and collate those two together. What is budget about?

In 2015 forward planning of a population 180,000 to 100,000 by the late 20s. Recently there is a document by the department of planning that project 65,000 in the year ahead. There is a great variance of what is projected. Population over 40,000 is now down to 37,500. How can Council present a budget plan based on the attrition of population, when we have such a heavy load of infrastructure, for example roads are going to be reduced by 28%. How can we the City afford to have a sprawling population, like you have, when State Governments and real estate capital, make it very clear that 20-30% of their budget is to be saved on their budget on infrastructure development by not by sprawling their suburbs? Where are we going?

Response

Mayor advised there has been a very focused effort on getting rid of operating deficits out of the City. There has been significant operating expenditure cost cuts, reduction of service levels, laying off of staff, this has been the real focus over the last couple of years. The City is clearing out all the legacy issues that have been bringing the City down.

The budget is proposed to be balanced this year. The Council are setting a vision. The City recently undertook a Growing Greater Geraldton Growth plan where we revised all these estimates. When you are projecting a future out 20-30 years, you have to make best estimates on the information to hand, which is reviewed regularly and monitored. Regarding forcing sprawl, the Council would love to see people move in to the City, which has been the focus to get the CBD liveable to stop the sprawl. Urban sprawl means more infrastructure to be updated etc. i.e. drainage, roads. But there are people that enjoy living out of the City and the one thing we are blessed with is an abundance of available developable land.

What we don't want to create is a situation of a land shortage. Not long ago the housing guide only had two pages of properties available and you were bumping in to people that were looking at houses at the same time. We want to ensure a continual future supply, it doesn't mean they will all come on line at the same time. Having an articulated vision you can tap into that and quickly move with the pace when the next big population surge occurs.

Question from the Floor – No M/phone

Butch Parker asked what is the Karloo-Wandina, Abraham Street project is.

Response

The Mayor advised that this is Verita Road.

Comment from the Floor – No M/phone

[First part of commentary Inaudible]

Butch Parker stated that the City needs to get back to reality – and a great place for our kids to grow up – but need to be more reliant on what is here today which is the bread and butter. We are on a payment plan for rates but don't have the dollar to do it. As a business owner, investor and landlord – but we need to be realistic when times are tough – you need to be tough. Referenced the foreshore where it has taken twice to get it right. Beresford is another problem – storms and weather, live across the road and sees the wash away. Mentioned the loss of shade sails. We are making random decisions for the future, but we need to look after today.

Response

Mayor advised that the decisions are far from random, and that budget deliberations commenced back in November 2017. This is a significant piece of work.

Question from the floor – No M/phone

The person referenced Question 8 and mentioned a petition which was circulated that had a significant number of signatures included.

Response

The Mayor advised that the first petition that was circulated was a request to call a Special Meeting of Electors.

There was another petition that only came in at 3.30pm today.

Question from the floor – No M/phone

Wayne Clarkson asked if the Mayor was aware of the concerns over the rate rises now and in the past. Is this why we are having a meeting.

Response

Mayor advised that yes he was aware and that the meeting was called as the City had received a meeting request petition with over 100 signatures from Dr Barry Thompson.

Question from the floor – No M/phone

Mr Clarkson referenced 7% rates over the last 5, 6, 7 years.

[Other commentary Inaudible]

Response

Mayor advised that 40% of people will get a rate cut with around 60% of business getting a rate cut as a result of revaluations this year. A large portion of the community have a rate decrease. The City has been able to reduce budget deficits and reign in our expenditure – good budget management. The City calculates its rates on what it costs, we have those costs now.

Question from the floor – No M/phone

Does GRV become a part of it?

Response

Mayor advised that the GRV apportions the rates. As a result of someone getting a cut, because of revaluations, someone else will get an increase – the rental valuation increase and decrease movements can vary within suburbs, within industries. The Mayor stressed that rental valuations don't determine the costs of running the City.

The Mayor indicated he is completely aware of the concerns, but is also concerned with State increases, with power bills rising by 7%, water rising by 8%, driving licences rising by 20% and increased borrowing levies and the like, which far outweigh the magnitude of rates increases over this budget and prior budgets.

Question from the floor – No M/phone

Sean Hickey noted the figure from the State Government at the last census that the WA population increased 1% and the whole regional area of Western Australia 0.1%. Projection of this Council put forward a 65,000 population which equates to an approximate 3.4% per annum growth rates. How can you plan on these figures when you are so far out?

Response

Mayor advised that at the last budget census the population that declared themselves as residents was 39,624 people. The Shire of Chapman Valley 1,486. Geraldton population from census to census grew by around 1.5%. It didn't decline. Karratha did decline, it had a population decrease of 23.4%, which brought a lot of the regional data sets down. There was also a massive decrease in population in Kalgoorlie, in the Kimberley etc. offset by neutral population trends. ABS use a statistic modelling across state-wide growth and they have applied the growth rate to the City of Greater Geraldton population projecting it from the last census out to 42,000 people. The revision down from 39,624 was done as a result of the actual census and the actual headcount. A minor level of growth rate, but a growth rate nonetheless.

Question from the floor – No M/phone

Jon Ward noted previous response that some households and some business will get a decrease and some an increase. Who will determine that?

Response

Mayor – in effect, the Valuer General via the GRV.

Question from the floor – No M/phone

Jon Ward – so the indications is that some areas of Geraldton the GRV is going up?

Response

Mayor advised there is no indication that the GRV is going up. GRVs can fluctuate across and within suburbs between -3% and -33%.

If you get a budget where you collect the same amount of rates from one year to one year and you have GRV moving between -3 and -33% - you take out an average of 17%, so anyone with a GRV decrease greater than 17% gets a cut, anyone with a GRV decrease less than 17% – gets an increase. It is where that increase and decrease sit within the confines of what your budget is.

Question from the floor

Daniel Murray. So GRV is set by Landgate and the Council set the RID for that 17%, so you average decrease of 17%, but there will be an increase on your RID. So essentially a rise?

Response

Mayor advised that no – you need to look at the dollar value of what you pay in the bottom right hand corner of your rates notice, which will determine if there is a rise or fall in your rates.

Mr Max Correy withdrew his question that was listed in the Agenda.

6 MOTIONS

The Mayor advised the meeting that we would now address the Motions and explained the procedure that will be followed.

MOTION 1

That in view of the upcoming deliberations relating to the 2018/19 City of Greater Geraldton budget and in preparation for the Adoption of the Budget that Council implement a “Rate Freeze” on all rateable properties in the City of Greater Geraldton.

That in considering such a move the Council acknowledges and takes into account the following:

- A. The approximately \$31,000,000 extra rate income the Council have charged over and above a 5% compounding rates increases since 2012.
- B. The Valuer General’s current Gross Rental Value (GRV) information (2018 update).
- C. Declining property values.
- D. Declining rental values.
- E. Hardship and prevailing economic conditions.

An update to the Motion was received 11 June 2018 from Mr Max Correy.

The Motion was read out by Mr Correy.

UPDATE TO MOTION 1

MOVED MAX CORREY, SECONDED GEOFF BARRETT

That in view of the upcoming deliberations relating to the 2018/19 City of Greater Geraldton budget and in preparation for the Adoption of the Budget that Council implement a “Rate Freeze” so that the total revenue to Council from rates is the same as 2017/18 i.e. \$44,963,763.

That in considering such a move the Council acknowledges and takes into account the following:

- A. The approximately \$31,000,000 extra rate income the Council have charged over and above a 5% compounding rates increases since 2012.
- B. The Valuer General’s current Gross Rental Value (GRV) information (2018 update).
- C. Declining property values.
- D. Declining rental values.
- E. Hardship and prevailing economic conditions.

The Motion was Moved and Seconded and Mr Correy was invited to speak to the Motion prior to the vote

Max Correy spoke to the updated Motion 1.

This meeting has been called out of concern for the Council's indicative rate rise of 3.5% for the 2018/19 year.

I believe the economically we're a basket case at the moment and we need to take stock of the economic hardship being experienced by many in our city not to mention the hundreds, maybe thousands, who are no longer in our midst due to the closure of their businesses with the resultant loss of employees jobs and in both cases the probably loss of their homes. Are ratepayers aware that between 5% and up to 25% of house sales in some months over the past 12 months have been way of Bank Mortgagee instructions?

You used to be able to see that, you would go past the property and there would be a big sign saying Mortgagee property, you would see it in the advertising, Mortgagee Auction – you would see it transparently, it is not happening anymore. You have not seen one single Mortgagee property advertised in the last 12 months. It moves sideways into a third party, they pass to an Agent and they sell it. Frightening. I hope that none of the audience are looking down the barrel of that same situation.

Referred to Real Estate and Settlement Agent figures

Just to clarify – I don't believe for one minute, and I don't believe the seconder of the motion does that a freeze of rates will solve all our problems – don't expect that.

I'm not suggesting for one minute that the massive rate rise of 2012/13 and the compounding effect of that rise year on year since, plus the additional rate increases since, are the sole reason for the current economic situation in Geraldton but no doubt they're a contributing factor.

I'm also not suggesting that a rate freeze will solve the problem overnight but again it must help — we need to do all we can to get Geraldton back on its feet and to economic health.

Council aren't responsible for it all, no way do I think they are. But I believe that it is a contributing factor. It is a bit like a railroad train, If you want to turn a train around, your first have to stop it, so that is why we need a rate freeze, stop it for one year, lets evaluate what impact it has on the rates going forward. Reevaluate where our priorities are, whether we need to be doing some of the things we are, and if not whether we can reduce rates further.

It's not as though rate increases over the past 6 years have been miserly or in line with CPI increases for the past 6 years or even in line with other Councils statewide — we're the recipient of the highest rate increases in this state and probably Australia.

Made reference to statements in the press that we have the highest rates in Western Australia. (*Letter to Editor — Guardian - December 2017*)

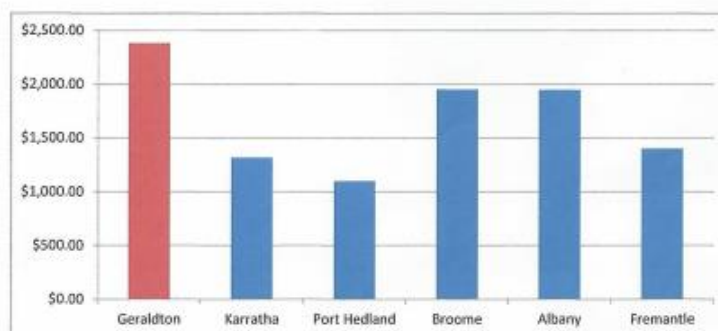
I stated that the residential rates in the CCG are the highest in the State — the Mayor says they're not. The Mayor quoted the following towns as having higher rates — Karratha, Port Hedland, Broome, Albany, Fremantle

For the purpose of clarity I restate my case Geraldton has the highest rates in WA based on the same GRV — i.e. the same value house i.e. apples with apples. So let's compare. Mr Correy read out details from the table.

The graph is shown below:

2017/18

	Geraldton	Karratha	Port Hedland	Broome	Albany	Fremantle
GRV	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
R in \$	11.9016	6.5893	5.49	9.7547	9.7325	7.0000
Rate Amount	\$2,380.32	\$1,317.86	\$1,098.00	\$1,950.94	\$1,946.50	\$1,400.00



Let's do a comparison between these cities and towns and the CGG rates based on the same GRV .

2017/18		GRV	RID	Amount	
i.	Port Hedland	\$20,000	5.49	\$1098.00	
ii.	Karratha	\$20,000	6.5893	\$1317.86	
iii.	Fremantle	\$20,000	7.0000	\$1400.00	
iv.	Albany	\$20,000	9.7325	\$1946.50 *	
v.	Broome	\$20,000	9.7547	\$1950.94	22%
vi.	Geraldton	\$20,000	11.9016	\$2380.32 *	

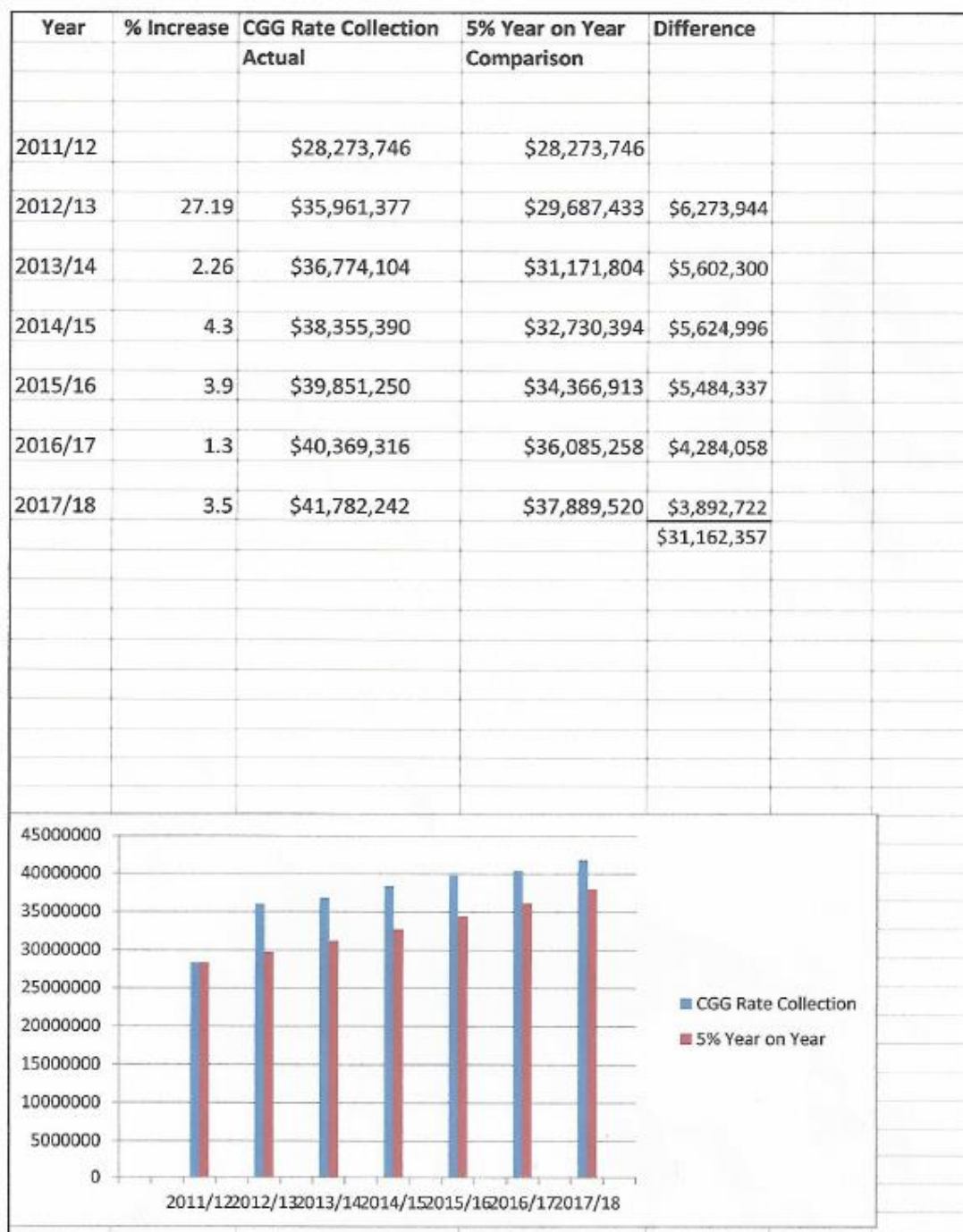
If you go back to Albany, which is the nearest, they are 22% cheaper. That is the nearest, Hedland is half. Do have other figures – and referenced the Mayor's radio interview today on the ABC stating that other Council/shires are well below our rating?

Mayor: Indicated that what he mentioned on the radio is that you are comparing Karratha GRVs. Karratha GRVs are three times the size of Geraldton, so saying that GRVs are similar is inaccurate. What I said on the radio is that there are two parts to an equation. Karratha collects more rates than the City of Greater Geraldton, with a population of about half, to give you an idea - you are not comparing apples with apples.

Mr Correy: Referenced details from Northampton, Chapman Valley, Irwin Northampton, Narrogin. He stated that none of them come within a bulls roar of our cost of rating. So we have an enormously high rating system.

I mentioned the \$31M that Council has received over and above a 5% rate increase. If you compared us [the Council] with the amount of rates received over the last six years, since we started this enormous rate rise in 2012/13 and compare with that with a normal council looking at a 5% year on year rate increase. And that is pretty generous, and I don't know of any council doing that, but I have been generous and said let's look at 5% and look at what the council has done.

Mr Correy referenced the following graph and spoke of the extra funds collected as opposed to a 5% year on year rate rise.



The Council have got \$31M more rates than say Northampton or Chapman Valley to draw a perspective.

Rates this year are approximately \$45M. Six years ago they were \$28M.

That's \$17M extra or 60% more rates this year than in 2011/12.

60% of the last six years – that is the magnitude of what you have been paying over the last six year.

World comparison

When one looks at the strategies adopted by Nations around the world to stimulate an economy we see Countries do one or all of the following:

1. Print money — quantitative easing — Council can't do that.
2. Reduce interest rates — RBA do that in Australia — they have dropped it 1.5% - lowest in living memory.
3. Reduce taxes — that is the motion to freeze this year's rates does and it's the only strategy the CGG can adopt.

Unfortunately back in 2012/13 there was a 25%, give or take, GRV increase. The Council that day, I believe we were conned, took the liberty of then increasing that figure by another 6.7% by the way of a rate in the dollar (RID) determination. Resulting across the board 27.19% rates increases, never been heard of before, and that's flowed on every year since. That extra rate you have paid has been factored in on every rate you have paid and plus some more on going forward.

Look at Stirling City Council right now, the last three rate increases for them have been 1.75%, 1.75%; and 1.9%. Tomorrow night they are debating a rate freeze.

The effect of this rate increase, foregone, in other words we don't have a rate increase of 3.5% we have a freeze. The CEO says \$1.4M and I factor out to \$1.6M - \$1.6M which is less than 2% of the annual budget – the budget is around \$78M give or take. I am sure that if I asked you [the audience] to trim 2% of your annual budget, I believe you could do it, I believe the Council should now do it to give ratepayers some reprieve. The \$1.6M saving to your pocket so you can spend at the coffee shop, shoe shop, dress shop, or whatever it may be, isn't just \$1.6M going to be circulated back in to our economy, it is at least 5 times that. If you talk to a person called Barry Urquhart, a marketing guru, he says that money turns around 5 to 6 times in the economy. So I am being conservative and saying \$8M. \$8M I am sure will help the City's shop keepers and people in business all around town.

The Mayor responded to the \$1.6M as noted by M Correy

Taking \$1.6M, the Council doesn't stick this money 'under a mattress' it spends on the local contractors, staff's incomes that goes in to the economy. It is not lost money, it is a matter of where that money is distributed. Whether it is \$10-\$20 more a week for people or whether is a \$1.6M service, whether it gets spent on staff at the Aquarena, or Visitor Centre. Whether it means we fix our entire

footpaths, the program of which is \$900,000 a year, whether those contractors go. It is a significant number. We also spend in the economy, it is a matter of where.

Question from the floor – No M/phone

Mr Brown question in relation to the proposed rate freeze – given this proposal – which services/assets would Mr Correy like to close? Whose road or pavement is not going to be prepared on maintained? Please tell the audience

Response

Mr Correy advised that he is not paid \$200,000 a year to analyse the budget – would have thought that our elected representatives are employed to do that. And also the executives. I have other things to do and this is not the purpose of the exercise. \$1.6m is not a lot of money on a \$78m budget, less than 2% I am sure these clever people here can do that with the help of the Councillors.

Question from the floor – No M/phone

Tell you where you can make savings - don't do Flores Road three times and the water / puddles still exist. The water is still not going down the drains.

Response

Mayor advised the Flores Road/Place Road intersection it was funded through the Royalties for Regions program and was a successful project.

Question from the floor – No M/phone

Warren Kalazich – we all have to pay rates etc, but we want you to be the best book keepers in the world and value for money. We have lost about 30% of the value of our (property) assets over the years. City of Geraldton is fragile. I have six commercial properties have not put rent up during that time. Too embarrassed to put the rent up. The GRV value is out now. We don't want anyone to lose their jobs – why were they created in the first place. We respect each other. We are at a situation when the rates cannot go up. We are fragile. Please hold it still – still trying to catch our breath from six years ago. Savings that the City can look at - 14 Councillors under review and how many we are going to have in the future – I would ask the City to seriously consider that. We note they are paid about \$30,000 a year. Drop to say around 8, there would be a saving of around \$240,000.

Response

Mayor advised that the Councillors are conducting a Ward Review. There is a legal process to reduce the number of councillors prescribed by State Law and we are going through that process. There were 30 Elected Members and 3 CEOs and 11 Directors not so long ago, prior to amalgamations.

Community are welcome to make submissions.

Speaking for the Motion

Rita Stinson speaking for the motion. Wouldn't it be better to help a whole community, they might have to have a road with a hole in it. Come out the bush, you will find there are lots of holes. Dealing with people with who are losing their homes, surely we can have rate freeze for 1 year. People enduring hardships need a hand. That would earn you a lot of brownie points. People want too much now, they expect everything in the City – think about those outside the City – what we have to put up with it - so you put up with a few things like your swimming pool and library. You could reduce the hours of opening of the library, so be it, save money like that. But please freeze the rates for one year – try it.

Question from the floor – No M/phone

If we freeze the rates for one year, what will be rates cost in the next year?

Response

Mayor advised that if you don't maintain your operating balance you send yourself into deficit, you have to actually catch up the following year, let alone covering what your increasing costs and expenditures are for the following year. The City has balanced its budget – with a very wafer thin surplus. We were only renewing assets to the tune of \$9M/year, now it is \$20M. That is why you have footpaths you can walk on and light poles that you won't crash into, and improved intersections.

Response to Motion 1 from the City of Greater Geraldton

B Davis, Director of Corporate & Commercial Services

The City is highly conscious of the regional economic downturn and prevailing conditions.

In response, the City has adopted the *Growing Greater Geraldton Plan*, aiming to stimulate economic activity, grow the existing traded sectors of the local economy, revitalise the City Centre, and attract new investment.

While general local economic activity levels may have fallen off, costs of maintaining and running the City have been impacted every year by inflation of the basket of materials and services relevant to local government operations (different from CPI), and significant increases in State-determined prices for electricity and water, combined with reduced funding to Councils from Federal and State governments.

2018 Land Revaluations

For the purposes of imposing local government rates, the Local Government Act dictates that, for non-rural properties, Gross Rental Valuation (GRV) be used.

For rural properties, Unimproved Value (UV) is the basis applied, with revaluations undertaken annually by the State Valuer General.

Gross rental valuation of land is different from the market selling price of a property, and the two different types of valuations are effected by different market factors.

GRV Valuations information is provided to all Councils by Landgate, on behalf of the State Valuer General. Valuations are not undertaken by the City.

GRV Valuations are currently undertaken on a 3-yearly basis. Prior to the 2012 revaluation, they were undertaken on a 4-yearly basis.

New GRV valuations information does not become effective until 1 July 2018, when it may be used to amend the official Rates Record and can be applied for the calculation of rates payable for the 2018-19 year. Until the new valuations come into effect, the rates record continues to reflect the previous GRV valuations.

Ratepayers are entitled to examine the Rates Record at the City offices and, subject to provision of a statutory declaration to the effect that the information will not be used for commercial purposes, and payment of a fee, may request a copy of the Rates Record.

From information available to the City to date, indications are that the average change in 2018 GRV across all Residential properties is a decrease of about seventeen percent (17%). There was notable variation in revaluations both across and within suburbs.

For Non-Residential properties, the average change in 2018 GRV for Non-Residential properties is a decrease of about five point eight percent (5.8%), with some variation between properties zoned commercial and industrial.

Why Additional City Funding has been required

Following the 2012-13 Budget, for subsequent financial years the actual increases in aggregate rates revenue have been as follows:

Year	Budget Aggregate Rates Revenue	Actual Growth Including
2013-14	+2.26%	+2.31%
2014-15	+4.5%	+4.61%
2015-16	+4.35%	+4.64%
2016-17	+4.24%	+3.69%
2017-18	+4.5%	N/A

The primary driver for increasing revenue raising since 2011-12 has been to rectify the major legacy backlog in renewal of essential infrastructure and facilities, and bridge the funding gap for asset renewals going forward. That was, and remains, a mission-critical strategic imperative for the City Community.

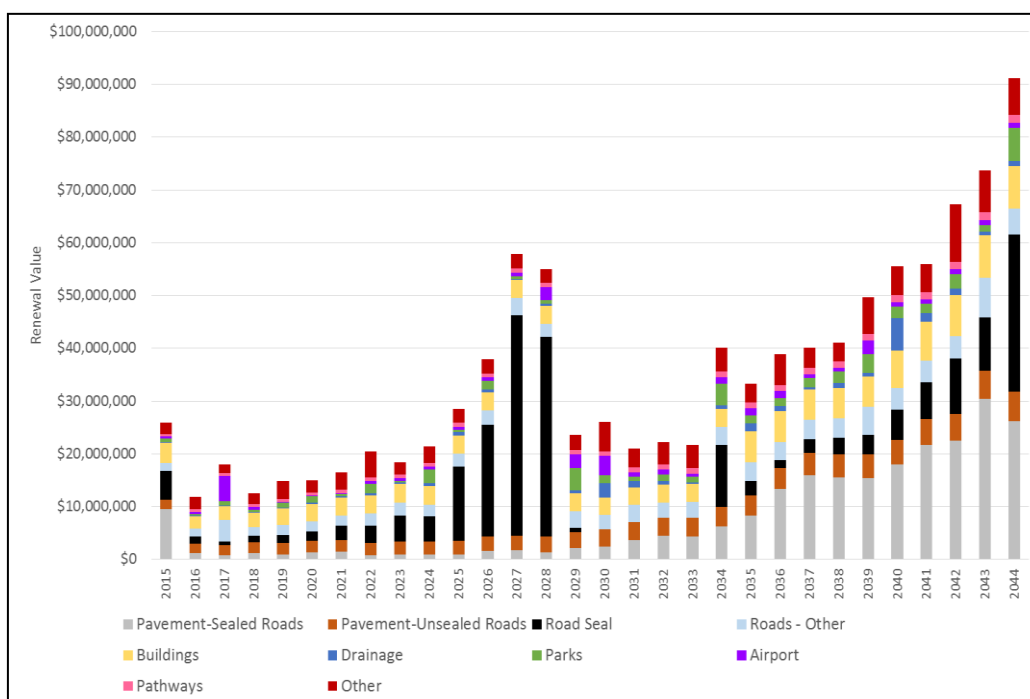
This is a legacy problem, common across every Council in Australia, resulting from many years of old-fashioned cash-based budgeting which, by not including raising of funds for asset renewal over time, led to many years of under-rating of communities. Reports in 2012 indicated that, for WA Councils, there was a backlog of \$1.75 Billion in infrastructure renewal, with an annual funding gap of \$110 million. This City was not, and is not, the only Council confronted with the assets renewal backlog problem.

Doing nothing about it was not and is not an option.

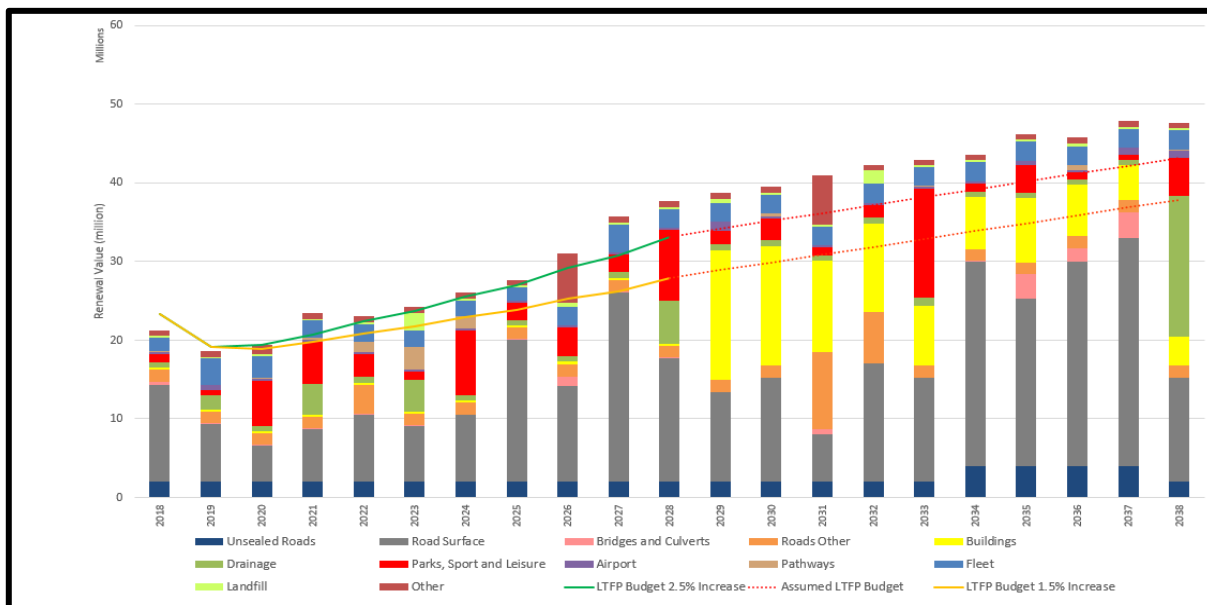
Review Today's Estimates of Council Infrastructure Backlogs and Under-Spending Australia-wide

State LGI Estimates (excluding Water & Sewerage)	Infrastructure Renewals Backlog	Infrastructure Renewals Gap (per annum)
NSW (152)	\$4,528m	\$150m
SA (68)	\$300m	\$20m
WA (142)	\$1,750m	\$110m
Vic (79)	\$806m	\$81m
Tas (29)	\$85m	\$25m
Subtotal	\$7,469m	\$386m
Pro-rata National Estimated Total	\$9,867m	\$510m

More detailed evaluation after 2012 indicted that the City was confronted with this scenario for funding for asset renewals, with massive financial demand spikes in the out years:



The City has been working hard to get rid of the backlog, and to reduce the out-year spikes in funding demand, with 2018 assessments improved, but still showing high funding demands in future years as old assets wear out:



In 2011-12, the City spent just \$7,980,883 on Assets Renewal – for the rejuvenation/renovation or replacement of worn out assets, to maintain productive capacity, functionality and community amenity and safety.

Consistent with its asset management strategy, as reflected in Council's Long Term Financial Plan, since 2011-12 the City has significantly increased its Asset Renewal expenditure:

FINANCIAL YEAR	RENEWAL EXPENDITURE
2012-13	\$11,865,674
2013-14	\$13,651,078
2014-15	\$11,878,932
2015-16	\$14,595,766
2016-17	\$16,511,053
2017-18	\$20,813,726
Total	\$89,316,229

Mr Correy mentioned his belief in a multiplier effect of 5 or 6, for dollars spent in the local economy. On that basis, the effect of \$89 million in asset renewal expenditure since 2012, a very significant proportion of it in work for local contractors and suppliers, will have contributed dramatically more to the local economy than the six year differential of \$31M suggested by Mr Correy.

This essential and unavoidable increase in Asset Renewals expenditure has been funded by the combination of:

- Additional funds raised via Rates since 2011-12.
- Support from flood damage assistance funding in some cases.

- Using statutory reserve funds where legal to do so.
- Specific cost-savings initiatives – Insurances, and Electricity Supply contracts.
- Limiting new capital expenditure to essential projects – primarily supported by Grants.
- Introducing service level hierarchies, designed to limit investment in particular classes of assets e.g. the Parks hierarchy – not every urban park will have the same level of facilities, amenities, recreation or playground equipment – and asset renewal/replacement programs for existing Parks will reflect that service level hierarchy.
- Releasing funds by cutting back the range and level of City services, after extensive consultation with the Community – with significant employee redundancies – reducing FTEs by 39 people, from 331 in March 2015 to 294 by March 2017, a reduction of City staff numbers by about 12%. Additional redundancies have occurred in 2018.

Adoption of Mr Correy's +5% year-on-year rating model in 2012-13 would have generated well over thirty million dollars less in revenue to the City, than the rating decisions of Council have delivered since 2011-12. That would have reduced the ability of the City by that amount, to address the imperatives of solving the legacy backlog in asset renewals, and positioning the City to avoid massive spikes in funding demand for asset renewal in out years.

Mr Correy's motion on notice only refers to rate setting for 2018-19 and makes no reference to rates setting for subsequent years.

A rates freeze will require either:

- deferral of asset renewals, exacerbating what is already a serious problem, *and/or*
- *further cuts to City discretionary services.*

The Community was consulted extensively during the previous two fiscal years, to determine the discretionary services that – from the Community perspective – could be abolished or reduced. The areas on which strong community consensus was reached were subsequently cut in 2015-16 and 2016-17. With a freeze on rates, the question will then arise as to which services get abolished or reduced further, and which community facilities will get reduced opening hours or get closed – and so on.

Council will deliberate on the level of rates revenue required to meet the needs of the whole community, as required under legislation. As is the case for every budget, the City is obliged to advertise intent to impose differential general rates, and to invite submissions from the community on the advertised intentions.

It must then consider the submissions received. Only four (4) submissions were received. Council is able to adopt differential rates at levels different from those advertised, and must state its reasons for doing so. In its deliberations, Council considers a range of rating models.

For example, rates models that Council may consider could include ranges from a 2.5% to 3.5% aggregate increase. With application of the new GRV valuations, with the lower model, it is possible that about 40% of residential properties and about 60% of non-residential properties could benefit from a rates *reduction* – while still enabling essential asset renewal to continue, with less impact on services to the community.

Whether or not Council may consider a rates model different from the levels advertised, deferring assets renewal expenditure, or cutting further services to the Community, is a matter for Council deliberation for its 2018-19 Budget, after considering the written submissions received, and the resolutions from this meeting.

The Mayor invited Mr Max Correy back on stage to give a right of reply.

Max Correy Right of Reply to Motion 1

Surely Council can reduce their rate by 2% on last year's figure and let's address where that goes, let's think about it and put some time and effort where it can go forward after that.

The motion was put to a vote, by show of hands.

MOVED MAX CORREY, SECONDED GEOFF BARRETT

That in view of the upcoming deliberations relating to the 2018/19 City of Greater Geraldton budget and in preparation for the Adoption of the Budget that Council implement a "Rate Freeze" so that the total revenue to Council from rates is the same as 2017/18 i.e. \$44,963,763.

That in considering such a move the Council acknowledges and takes into account the following:

- A. The approximately \$31,000,000 extra rate income the Council have charged over and above a 5% compounding rates increases since 2012.**
- B. The Valuer General's current Gross Rental Value (GRV) information (2018 update).**
- C. Declining property values.**
- D. Declining rental values.**
- E. Hardship and prevailing economic conditions.**

CARRIED

MOTION 2

That the Council implement a forensic financial and systems audit for at least the 5 years to 30 June 2018 as a matter of urgency.

The Motion was read out by Mr Correy.

MOTION 2**MOVED MAX CORREY, SECONDED GEOFF HEARNE**

That the Council implement a forensic financial and systems audit for at least the 5 years to 30 June 2018 as a matter of urgency.

The Motion was Moved and Seconded and Mr Correy was invited to speak to the Motion prior to the vote

Max Correy spoke to Motion 2.

I believe that this motion is even more important than the first motion. On one case we are restricting the expenditure factor. We need to look at very critically how that expenditure is incurred. All the things that have happened that create that expenditure factor. If you go back to 2012-13 the year after we had the amalgamation with Shire of Mullewa, I believe we were conned that year - we weren't told that 50% of people should vote. Less than 10% of people voted in favour of the motion to amalgamate, I think we were conned.

That raises the issue that we need more transparency, we need more openness and need to understand where council are coming from and we should have been told these things that you need to have 50% vote, otherwise it is automatically covered. How can less than 10% voting possibly be a majority I do not know?

Mr Correy addressed the following projects undertaken by the City

Abraham Street Bridge – there were 8 tenderers who put their tenders in. Awarded to a tenderer at \$9M. It came to my attention that there were tenders way below – like more than \$1.5M, but Council took at \$9M tender. If a tender is drawn up correctly – have exactly the same format for everyone. Out of the 8 tenders – three don't qualify – but that didn't happen – no one was excluded. Why do you take the highest tender, I thought the point of a tender was to take the most cost effective and best result.

Matter taken on Notice. Additional information is provided in section 8 of these minutes.

Multi User Facility – we go down there and we look at roughly at \$10M build altogether. Perth based company get the job. Then Council actually allocate the tender to a non-conforming tenderer. It doesn't make sense, it doesn't seem right. It should never happen that a non-conforming tender should even be considered – it should have been thrown out. There were other conforming tenders there. I can't believe that how many people up the line would have read the tender document and could not see that the tender was non-conforming.

Not very difficult to work out whether it was to GST inclusive or GST exclusive surely. Everyone else complied with the rules.

So the CEO had to come back to Council and say we are \$750,000 short because we stuffed up. Tell me why we are doing that in Council – perhaps there is too much control within Council instead of leaving it to private enterprise experts.

Matter taken on Notice. Additional information is provided in section 8 of these minutes.

Olive Street Reserve – be touched on tonight this evening. History to recent times – Council back in 09/10 decided they would become property developers and they would develop this lovely spot - they would shift the Leonard T Green park up to the back of Wandina, Verita Road area, and they would develop Olive Street. They employed a Real Estate Agent. I couldn't understand how they could do that on an old rubbish tip site. So I went to Council – please explain. We [Council] are going to develop the site and all the designs are done, spent all that money for design etc, and then we are going to sell it all off and we are going to pay back the loan we got, pay back the interest factor and make \$5M profit and shift it all up to Wandina. Have you done a site investigation in respect of contamination – no it had not been done – contrary to what the CEO said. All the signs came down the next day – up went the 2.4 metre fence. It took many many months to have a geo-tech report. I asked numerous times what that cost - \$1.24M, which brings me to the point. The Mayor brought out a press release that the project is finished and it fabulous, which is his opinion. And it is \$1M under budget. That's interesting – how did they manage that, so I wrote back to Council and asked. A reply from a Council officer – there was a \$2.8M budget – let the tender for \$2.768M and that is all the City is going to give you as it is commercial in confidence. I don't know how you pick up a saving of \$1M from a \$2.8M budget from a \$2.76M tender allocation. So I wrote to the Council again, and came along to the Council meeting. CEO advised we have made a mistake – we have made a mistake on the figures and they would be in the Council minutes.

I asked specifically for the earthwork, landscaping and geo tech costing, which I have not received to date – which I know is \$1.24M, which is in last year's minutes. The total cost of that project to date is \$4.64M and counting as we are now putting in more trees and shrubs that have died.

Matter taken on Notice. Additional information is provided in section 8 of these minutes.

Art Gallery – a new roof - taken off the asbestos. Think of what that cost – Canberra based company got the tender, called in the local subbies, took the money and went back to Canberra and to this day there is hundreds of thousands of dollars owed to local people around town. Not fair – it should be checked on.

Animal Management facility – glorified name for a Dog Pound. Council are going to raise a \$1.9M loan to build. It has already been shifted four times. I've been told by the local people in town they are sick and tired of all the changes so they have given up tendering on it.

The Council may say we don't need a forensic audit, we get audited every year. Doesn't take the issues away. Dowerin also had a CEO and Dowerin were audited for five years. No one picked up that the CEO was syphoning off money in to his own pocket to go gambling. He syphoned off \$600,000, until one of the office girls picked it up.

The City needs a forensic audit – whatever it costs – and I have written to the CEO to ask when the last one was done. I would suggest there has never been one done. I think for everyone's safety and sake that we have a forensic audit to suss it out properly.

Response to Motion from Mayor

Mayor advised that the City does get audited every year and also now gets audited by the Office of the Auditor General on a procurement audit. The Auditor General also now has state legislative responsibility for all local governments and they have new power to demand an efficiency audit – that is now a matter for the Auditor General. The City doesn't go out to tender anymore it goes through the State Government.

City of Perth undertook a forensic audit – the bill from Ernst and Young was \$500,000. To undertake an audit for five years, using the City of Perth example, that would equate to \$2.5M or around about 5-7% of rates.

Response to Motion 2 from City of Greater Geraldton

B Davis, Director of Corporate & Commercial Services

Referenced the particular past project matters raised by Mr Correy and indicated he had not expected them to be raised again today as they had been subject to recent correspondence with Mr Correy.

Having had the matters raised at this meeting by Mr Correy, he advised that the City will add some of the responses that have previously been provided to Mr Correy, and additional response to elements taken on notice, in these Minutes. [See Section 8 of these minutes].

Also included, as an attachment, will be the independent external Audit reports for this Council for the past five years. What ratepayers will see is that the City has had perfectly clean audit reports for five years, which are conducted by chartered accountants, registered auditors, and we have had unqualified financial statement audits for the last five years.

The Council's Audit Committee will attest to the fact that our external auditors think that our level of internal control is incredibly good. The City is NOT Dowerin, as referred to. We are a Council that has nearly 300 staff, we have a turnover of around \$150M per year and we have a handful of professionally

qualified accountants on staff. The City is proud of the fact that we get very good audit reports. I have been a CPA for over 40 years, and my finance and accounting team takes professional pride in what we do.

Changes to Legislation in Local Government made the Auditor General now responsible for the determination of external audits for all Councils in Western Australia. Since the legislation was amended, the Auditor General has conducted a number of audits, of which the City has been included in several of those, including a sector wide audit of procurement functions. The City has only seen a draft, which covers the issues that Mr Correy's talked about, covering tender processes. The Auditor General determines what is confidential and what isn't. The draft report that the City has been able to comment on, has found no evidence of misfeasance or malfeasance in procurement processes within the City of Greater Geraldton. The City is very pleased with that as we have put a lot of effort into getting our tender processes right.

Are we human, do mistakes occasionally happen? Yes, but is there any evidence of any misfeasance or malfeasance? No.

For the Local Government sector, misconduct has two separate streams of investigation and reporting. Suspected or detected minor misconduct is reported to the Public Service Commissioner. The PSC, on review of an investigation report, may refer a matter initially referred as minor misconduct to the WA Crime and Corruption Commission. Suspected or detected major misconduct must be reported to the WA Crime and Corruption Commission.

Forensic audits are about crime, and about detection of crime and compiling forensic evidence to put to Court Hearings. We don't have any current evidence of misfeasance or malfeasance. In the five years I have been CFO we have had one occasion where we have commissioned independent external specialists forensic accountants to come in and conduct an audit that was to do with misconduct, for alleged misconduct of an employee of a contractor, not by an employee of the City. That matter is now in the hands of the Crime and Corruption Commission.

The City has not received final advice from the CCC on that matter. Until such allegations are investigated by the CCC, separate from the City, they are held confidential to ensure that (1) investigations by the CCC are not compromised and (2) reputations of parties are not affected pending any finding or subsequent legal actions – with presumption of innocence unless and until proven otherwise.

We take these processes very seriously. The City has a zero tolerance approach to any fraudulent or theft activity in our organisation.

There is no basis for the City to support the proposal for a separate 'forensic financial and systems audit', having due regard to:

- the high quality of independent external audit reports for the past five years;
- the extended audit powers of the Auditor-General;
- the statutory responsibility of the Auditor-General to independently determine the nature, scope, timing and frequency of audits of local governments in WA; and
- the absence of any material evidence to hand, on any new matter detected by the City's internal control processes or by the independent external auditor, indicating impropriety, misfeasance or malfeasance in City financial management.

Ratepayers will be able to see from the Audit reports attached to these Minutes that we have had exceptionally good audit reports. The extended powers of the Auditor General, who will be conducting our audits from now on, include performance audits. The Auditor-General will determine the nature, timing and frequency of audits of the City.

If we have any allegations of material significance come to hand action is immediate. Under the legislation of Western Australia if an allegation is made to the Mayor or the CEO of major misconduct it is obligatory to report this.

The City does not support the idea of a forensic audit, in the absence of any indication of any criminal activity to warrant such a step.

Question from the floor – No M/phone

Warren Kalazich. Why do we call specifications? Why a successful tender of \$9M, and there was someone lower, why did we go for the \$9M tender?

Response

B Davis advised he would take this on notice, along with other matters raised at the meeting by Messrs Correy and Thompson, with a response to be included in the minutes, as he did not have full details immediately to hand for all past projects. However, in relation to the project in question, assuming the speaker was referring to one of the projects mentioned by Mr Correy, he indicated his understanding that it was discussed in detail and determined by Council at an open ordinary meeting, with details provided in the Council minutes.

Question from the floor

Barry Thompson referred to a conversation with a Barry Martin (who is apparently retained from time to time as a replacement CEO for Councils that unexpectedly lose their CEOs). With regard to a forensic audit he did mention a figure of \$51,000 but that may only apply to one year audit. To talk in terms of millions of dollars is perhaps a little bit misleading. In respects to Audits, you come to a stage in life when old men check-ups become essential, to aid prevention, they certainly come with a cost, which should be regarded as an investment. We are certainly hoping a clean bill of health to be the outcome here.

Playing devil's advocate – a number of people are concerned about the tender process. We understood that tenders were opened on a certain day and people would be in the room and they are all opened in front of everyone. I understand that this is not the process these days – can this be confirmed?

Response

R McKim advised that there are two systems in place - Tenderlink and E-quotes.

The Old days of a tenders box where paper was posted in the box, and they were opened with a couple of people in the front are gone. This is now done primarily through electronic means, to take even the small vagaries out of the system. So Council officers don't see those submissions at all and cannot interfere with them as they lodge electronically.

There is a date/time of opening the electronic quotes.

Similarly with E-quotes – which is online. Any business can register to be on E-quotes. If there is a certain piece of work for a certain type of work, anyone register receives notification and can provide a quote, and the aim of that is that relationships between council workers and a few contractors can't develop. So everyone gets a go. We have worked hard to get our procurement process squeaky clean.

Further details on the Tender process are provided in responses to questions taken on notice, and associated attachments to the minutes.

Question from the floor

B Thompson asked if there is any period of time when the tender are opened and viewed by staff before the tender is awarded. Is there a period of time between those two events?

Taken on Notice. Details on the Tender process are provided in responses to questions taken on notice, and associated attachments to the minutes

The Mayor asked the meeting deal with the Motion.

Speaker against the Motion

J Kopplhuber spoke against the motion to have a forensic financial and systems audit.

I think I would like my rates spent on something else other than that. It might uncover some human error, it might uncover I don't know what. It might show that everything was done according to the way it should have been. It is definitely in the past, so I don't know how bringing stuff out from the past is going to help us going forward. Other than using transparent processes which are now in place. So I move against the motion because my rates dollars, especially if we have just moved for a rate freeze, should be spent on something more appropriate

The Mayor invited Mr Max Correy back on stage to give a right of reply.

Max Correy Right of Reply to Motion 2

Referring to the previous speakers comment, you can't really compare Geraldton's figures with the City of Perth. No we are not that big. Mr Thompson has had dealings with people that do these things, and if it costs \$100,000 I think it is the best \$100,000 we can possibly spend. Both on the financial aspect and the systems is really, really important. There are so many disgruntled people around town, as in business houses, because of the tendering process, and it is really concerning me that people in the town are giving up even tendering for council jobs. That means people in town are not getting jobs, they are not employing people - that is sad. Now these people know deals, they want to make money, they want to do these things, but they are walking away from it. I have had that in the last few days.

So many things have happened in the past, yes I understand Mr Davis saying why bring these things up. Yes there are a lot of things I know about, but there is a lot I don't know about because they are not being divulged. I have tried to get information from Council, I have written time and time again, but I have not been given the answers. I have tried to get the figures on the bridge contract, told I can't have it from the CEO, through Council, but went to the State Commissioner to get that information. Why can't we get this stuff transparently, makes you wonder what is happening behind the scenes as to why can't we see it out in the open, that is why I think we need a financial and systems forensic audit.

The motion was put to a vote, by show of hands.

MOTION 2

MOVED MAX CORREY, SECONDED GEOFF HEARNE

That the Council implement a forensic financial and systems audit for at least the 5 years to 30 June 2018 as a matter of urgency.

CARRIED

7 CLOSURE

There being no further business the Presiding Member closed the Special Meeting of Electors at 7.50pm.

8 RESPONSES TO MATTERS TAKEN ON NOTICE

In responses to various questions from the floor, and responses to matters raised during statements from proponents of motions and speakers during debate on motions, the Mayor, City CEO and the Director of Corporate & Commercial Services indicated that they did not have the relevant information immediately to hand. These matters were consequently noted as taken on notice, with advice that responses would be provided in the Minutes of the meeting. Responses to matters raised in statements and questions and taken on notice are provided in the following sections.

8.1 *Matters taken on Notice: Motion 1 – City Rates*

In his speech to his Motion 1 at the Special meeting of Electors on 11 June 2018, Mr Max Correy used selective 2017/18 data for GRV rate-in-the-dollar for Port Hedland, Karratha, Fremantle, Albany, Broome and CGG to assert a view that the City of Greater Geraldton has the highest rates in WA, on what he asserts is an apples-for-apples comparison basis.

Official annual budgets for the Councils are available to the public from the respective Council websites, and extracts are provided in Attachment 2 to these Minutes. Any reasonable comparison of Councils based on the official annual Budget data of Councils challenges the proposition of Mr Correy. Accordingly, additional information is provided to ensure that the Community is properly informed.

Official budget data for GRV Residential rates for each Council, presented in the following table, shows the real picture, in stark contrast to the incorrect and misleading proposition being publicly asserted by Mr Correy.

Council	Aggregate Residential GRV Excluding properties on minimums	Rate in Dollar (Cents)	Budgeted Total Residential Rates Revenue (Excl. Min's)	Number of GRV Residential Properties	Average GRV Residential Rates (Excluding Minimums)	Minimum Payment
CGG	\$243,381,149	0.119060	\$28,966,251	15,576	\$1,859.67	\$1,010
Karratha	\$247,291,616	0.065863	\$16,287,368	6,934	\$2,348.91	\$1,504
Fremantle	\$253,227,860	0.070000	\$17,725,950	9,094	\$1,949.19	\$1,283
Albany (All GRV)	\$309,770,003	0.097325	\$30,148,370	15,266	\$1,974.87	\$992
Broome	\$121,481,660	0.097547	\$11,851,039	4,786	\$2,476.19	\$1,220
Port Hedland	\$261,259,140	0.054900	\$14,339,207	5,392	\$2,659.34	\$1,350
Bunbury (General Rate)	\$373,501,934	0.090870	\$33,940,120	13,551	\$2,504.62 (all GRV)	\$1,131

This table, while clearly demonstrating how very wrong Mr Correy's assertions are, and presenting completely different relative rankings of rates payable in contrast to those suggested by Mr Correy, does not purport to present a comprehensive analysis for a completely valid comparison between Councils.

As advised to Councillors and the Community in past years, caution, deeper analysis – and technical understanding of local government finance and accounting - is needed in attempting to make direct comparisons between Councils. They are not apples-for-apples comparisons. It is essential to note the *differences* between Councils, their difference in size, number of properties, their mix of urban and rural properties, the scale of their commercial, industrial and mining sectors, the differences in their local markets affecting rental values, and so on, when making any such comparison.

Deeper analysis is required to make valid comparisons/contrasts. To illustrate, consider the significant differences in the average GRV of properties, using official budget information from the above table. The arithmetic is very simple:

Council	Aggregate Residential GRV Excluding properties on Minimums	Number of GRV Residential Properties Excluding Minimums	Average Property GRV 2017-18
CGG	\$243,381,149	15,576	\$15,625
Karratha	\$247,291,616	6,934	\$35,664
Fremantle	\$253,227,860	9,094	\$27,846
Albany (All GRV)	\$309,770,003	15,266	\$20,291
Broome	\$121,481,660	4,786	\$25,383
Port Hedland	\$261,259,140	5,392	\$48,453

Note the important differences that are clearly obvious in the Budget extracts of the various Councils:

- Differences in the scale of their urban residential areas – the number of properties – which affects level and range of services to be delivered, and hence the levels of operational and capital expenditure required.
- Albany's rate in dollar covers all GRV-rated properties, not just residential;
- Bunbury has a single GRV General rate for residential, commercial industrial properties.
- Some Councils have differential rates for vacant residential land. Some do not.
- Some Councils have a wide range of differential general rate categories.
- Some Councils have specified area rates.

- The structure of their rating models vary substantially. How many differential general rating categories are there? How many properties in each category?
- Look at their Other Revenue sources. The level of funding to be raised via Rates to deliver a Council's net financing requirements for a year is the Net figure, after revenue from all other sources.

For a meaningful comparison, instead of applying a *notional* \$20,000 property GRV, when *actual average GRV* is utilised to present a real-world view of comparative Rates, as shown in the first data table above, the comparison shows rankings very different from those inappropriately asserted by Mr Correy. What counts to ratepayers is their **actual** rates payable. Mr Correy's proposition is flawed because it incorrectly implies that average GRVs are the same across the Councils. Demonstrably they are not, and that reality illustrates the importance of using the *real facts* to properly inform the community.

Real comparison requires proper understanding of the Budgets of Councils, the statutory requirements for framing budgets, and the important differences, the contrasts, between Councils.

With such wide divergence of both aggregate and average GRV between Councils, and the very significant differences in the structure of their rating models and other revenue sources, and the dramatic differences in number of properties, it ought to be obvious why any suggestion that *rate-in-the-dollar applied to a single notional GRV value*, as asserted by Mr Correy as the basis for his purported comparison of rating impact, is simply invalid. It reflects a lack of understanding of local government finance and accounting. His assertion that Greater Geraldton has the highest rates in WA, made publicly at the Special Electors meeting, is demonstrably wrong and – inadvertently or otherwise – it misinforms and misleads the Community.

City of Greater Geraldton does NOT have the highest GRV Residential Rates in Western Australia.

8.2 Matters Taken on Notice: Motion 2

In his speech for this motion, Mr Correy asserted the view that he has inadequate access to related information – asserting that he ought to have a right to access details of all tenders and projects.

On the broader matter of right of access to information, the City is bound by a robust statutory framework put in place by the WA Parliament. Members of the public do have rights of access prescribed in the *Local Government Act 1995* and Regulations under that Act, and via the *Freedom of Information Act 1992*. However, there are also limits prescribed in both sets of legislation, and members of the public actually do not have unfettered rights of access to all local government information. Mr Correy does not have unfettered rights of access to City information. The Parliament has imposed constraints for good reason, associated in particular with the protection of privacy of people and other rights, including some commercial information protection rights, of third

parties. In determining those constraints, a range of obligations are imposed on Councils by legislation, limiting certain information that the Council may allow public access to.

The public access and FOI processes are followed with due diligence by City officers, and members of the Public have rights to appeal particular access matters to the Information Commissioner if they wish to do so. Understanding those statutory rights, and related prescribed limits, can help members of the public avoid frustration when they are denied access to certain types of information. To aid important understanding, extracts from various components of the statutory framework for public access to local government information are provided at Attachment 3 to these minutes.

8.3 Matter Taken on Notice – Abraham Street Bridge Tender (2014)

In his speech for this motion, Mr Correy made reference to several past City projects, asserting personal opinions about the merits of the outcomes of related Tender processes, alleging in the case of the 2014 Abraham Bridge project that - on information apparently available to him - of eight compliant tenders submitted, a tender was submitted with price \$1.5M below that of the awarded tendered, and questioned why the City awarded the highest priced tender

There were seven tenders accepted. Adjusted pricing was necessary in the case of some tenderers – but not the eventual winning tenderer - required to add certain omitted elements necessary to meet stakeholder requirements. Adjusted prices ranged from \$7.47M through \$8.42M. The winning tender price was about \$8.21M and was not the highest priced tender. Provision for up to \$9M to completion allowed coverage of specific insurance requirements and related contingencies, and the equivalent difference would have applied to any of the tenders, the insurance contingencies being the same. Even on non-adjusted prices submitted, there was no compliant tender submitted priced \$1.5M lower than the winning price.

Mr Correy's observations about this tender process, implying that a tender \$1.5 million cheaper than the awarded tender price should have won the award, on price grounds alone, ignore the technical engineering complexity and risk management aspects of the project, and the importance of qualitative factors other than price, to the satisfaction of the requirements of the City – and *other major stakeholders who had naysaying power over progress of this project.*

The City was not the only stakeholder in the decision making process for this construction project. Other key stakeholders included GHD the design engineers, the PTA, Main Roads WA and Brookfield Rail, because of the requirement to construct the bridge over active Railway lines, and over the Southern Transport Corridor, with requirements for stringent PTA, MRWA and Brookfield Rail approvals requiring non-interruption to road and rail transport.

A three-stage evaluation process was undertaken, with all initial tenderers appraised. A first-stage short-list of 4 tenderers was subjected to detailed

interview by the evaluation panel on matters of understanding of the project and capacity to deliver. A second-stage short-list of two tenderers resulted, on the basis of value for money, and satisfaction of the specific requirements of the PTA, MRWA and Brookfield Rail.

Final shortlisted tenderers were then required to submit information regarding particular engineering construction issues for the project, with the requirement to keep both rail and highway traffic active throughout, and notably including solutions for lifting the beams over the rail track, and over the Mt Magnet Rd, and satisfying associated insurance and construction license requirements.

From final assessment, Georgiou Group was awarded the contract priced at about \$8.21M with final expected contract cost estimated at \$9M, having regard to insurances and associated contingencies.

This tender evaluation panel, with representatives from PTA, MRWA, Brookfield Rail, GHD and the City, undertook a rigorous multi-stage evaluation process, completed in October 2014.

This decision was taken in conjunction with expert representatives of the stakeholder bodies, and the City is confident that the best value for money outcome was achieved for the City and these major stakeholders.

8.4 Matter Taken on Notice – Multi User Facility Tender

Mr Correy asserted that a non-compliant tender won the contract with the City for this project. He further asserted that the CEO then had to refer back to Council for an additional \$750,000 in funding, because of errors in GST-inclusive versus GST-exclusive pricing, offering his opinion that the tender should not have been accepted. In his brief paraphrasing, Mr Correy omitted pertinent details of the process undertaken with this tender.

It was the case that initial tender submissions received included an undetected error in one submission, not obvious on initial assessment. However, because of the wide divergence in pricing across all tenders, as part of the process ALL tenderers were requested to clarify their pricing information to ensure that all tenderers had included all separable components of the tender specification, and if not, tenderers were able to submit clarifying information. Final assessment reporting was done on the basis of confirmed/clarified pricing information for ALL tenderers. This ensured that final tender evaluation was undertaken of all tenders, on the same basis, and it was appropriate. In its submission at that point, the tenderer had detected its own error and corrected it, and was entitled to do so, exercising due diligence in the process in exactly the same manner as every other tenderer, as requested by the City under due process. In addition the City as part of conforming tender due process had the entire matter reviewed by an external probity and legal advisor. This advice confirmed the City's process respond and management of this matter was both compliance and effective.

It was not the case that 'additional funding' was required to be appropriated by Council. The winning tender price remained within the original Budget allocation previously approved by Council for the project. The referral back to Council was to amend the contract award, to the correct GST-related pricing as was submitted by the tenderer at the same time as all other tenderers submitted their clarified final pricing along with confirmation from all tenderers of their inclusion of all separable components.

In the event, the final contracted price awarded to the winning tenderer was still some \$893,000 better than the price of the next best assessed tender. Hence the process ensured best value for money was achieved for the project.

Was the integrity or probity of the tender evaluation process compromised? No it was not. Was there an administrative hiccup in the tender reporting process? Yes there was. It was recognised and made fully transparent at the time, and was rectified via due process by Council resolution. This matter was fully disclosed, and was debated in open Council at its ordinary meeting of 23 June 2015, [Minutes reference link [23 June 2015](#)].

Subsequently, as a process improvement, recognising ambiguity in the presentation and labelling of data entry spaces in the then-standard tender submission forms, in the area where tender price is to be inserted, the tender submission form was amended to require tenderers to insert both GST-exclusive and GST-inclusive prices, to mitigate the possibility of either a tenderer or the City making any error in recognition of GST in pricing.

8.5 Matter Taken on Notice – Olive Street Project

Details of project costs were provided in the initial response at the meeting, as noted in the minute above. A further breakdown of Project costs is as follows:

2011/12 - \$24,166

- Greg Rowe & Associates (Project planning, scheme amendment and subdivision) - \$19,783.
- Emerge Associates – (Landscape Masterplan) - \$750.
- WAPC – (Subdivision application) - \$3,633.

2012/13 - \$743,277

- GHD PL - (Hydrological & engineering services – Stormwater Harvesting Phase) - \$167,640.
- GHD PL - (Site investigations & project engineering management) - \$281,302.
- Bactec SE PL – (UXO investigations) - \$10,670.
- Blacktop Material Engineering PL – (Soil sample analysis) - \$2,490.
- Prime Property Valuations - \$5,500.
- WBHO Civil PL – (site investigations) - \$32,483.
- Fauna for the Future (relocation of fauna) - \$5,000.
- Arnelle Enterprises PL – (Erection of fencing) - \$34,091.
- Market Creations – (website development) - \$6,370.

- Quantum Surveys – (Site survey subdivision & volumetric surveys) - \$27,630.
- Environmental Resources Management Australia PL – (Environmental auditor) - \$15,057.
- Geraldton Newspapers/Midwest Times – (Notices & media releases) - \$263.
- Greg Rowe & Associates (Project planning, scheme amendment and subdivision) - \$154,781.

2013/14 - \$373,295

- GHD PL - (Hydrological & engineering) - \$36,057.
- GHD PL – (Site investigations & project engineering management) - \$234,270.
- Greg Rowe & Associates (Project planning, and subdivision) - \$42,022.
- Environmental Resources Management Australia PL – (Environmental auditor) - \$4,874.
- Market Creations (website hosting) - \$300.
- Arnelle Enterprises PL – (fencing repair) - \$1,786.
- WBHO Civil PL – (site investigations) - \$53,986.

2014/15- \$138,096

- Greg Rowe & Associates – (subdivision amendment modelling, planning) - \$22,208.
- GHD PL – (revised subdivision review) - \$29,286.
- Western Power (Networks designs fees) – 2,950.
- Environmental Resources Management Australia PL – (Environmental auditor) -5,172.
- Pact Management Services – (site investigations, design & wetlands project) \$24,990.
- Activewest Real Estate – (agency engagement costs) - \$11,300.
- GHD PL – (Integrated Project Management Plan, Detailed Site Investigation Report, Remediation Action Plan, Site Management Plan and Residential Lots review) - \$42,190.

As noted in the meeting response, the recent remediation costs, per the 2017 reports to Council were \$3.4 million.

It should be noted that these costs include the costs to establish some of the existing 15 freehold lots with earthworks and retained wall block work where necessary. Those lots, already subdivided, and unrelated to the subsequently abandoned additional subdivision proposal, are now able to be sold by the City to recoup some of the costs to date - when market conditions improve.

Costs incurred by the engagement of GHD in 2014/15 were essential for the recent remediation of the site.

Doing nothing was considered not an option for the site as the contamination on site needs to be remediated to make the area safe for the community and also to meet the requirements of the Contaminated Sites Act 2003.

It is also noted that the treatment of contaminated sites and compliance with the Contaminated Sites Act 2003 is incrementally becoming more onerous to proponents and the measures to remediate a site require more analysis and treatment(s) than those considered acceptable 10 years ago. Hence, contemporary requirements brings considerable expense to the proponent.

Further Background - Olive Street

As part of the City's due diligence assessment of the potential to develop Reserve 30043 Olive Street two assessment studies were undertaken. These were as follows:

- 1) The Olive Street Stormwater Recharge Site Proposal – by Alan Putland, Environmental and Waste Manager Coordinator, City of Geraldton **2004**.
- 2) Geotechnical Investigation Report – by Golder Associates May **2008**.

In summary, the first report concluded that although there were issues to be resolved, the proposal to divert stormwater from the north pipe and south pipe systems into Olive Street was both feasible and desirable. The project would require careful monitoring to ensure that contaminant levels in ground water were controlled, with no risks to the environment, public health or surrounding infrastructure. Other benefits of the monitoring program would be an assessment of the success of using stormwater for ground water recharge and reuse in coastal areas and the ability of lawn grasses to remove stormwater pollutants, and removal of two storm water outlets from a popular recreational beach. Prevention of storm water borne litter from entering the ocean from the pipes was assessed to both assist in maintaining public amenity and benefit the environment.

The second report in 2008 was commissioned by the City's Planning Department to ascertain the following:

- Assess the subsurface soil and groundwater conditions across the site;
- Ascertain if there are any geotechnical impediments to develop the reserve for recreational purposes;
- Assess the suitability of the Council owned lots on the eastern portion of the reserve for residential development;
- Provide a site classification for the residential lots in accordance with AS2870 (1996) "Residential Slabs and Footings";
- Provide recommendations on site preparation requirements, including compaction criteria; and
- Provide a design California bearing ratio value for pavement thickness design.

The 2008 report advised that the subsurface conditions encountered were generally consistent with the expected geological conditions. No limestone was encountered during the investigation. Uncontrolled fill material was evident over the site.

This report indicated that the south-eastern corner of the site appeared to contain deleterious materials including house bricks, ceramics, glass, steel rope, plastics and tyres. The presence of such material in other areas of the site could not be discounted.

The City concluded from these reports that as the site was severely constrained by existing environmental and logistical constraints, combined with the excessive costs of remediating and developing it for *purely for public open space* would likely result in the project not occurring in the foreseeable future.

The City's alternative development proposal at that time to develop the Olive Street reserve would have enabled the following:

- Substantial remediation of the site;
- Improved access and parking to the Geraldton Surf Life Saving Club;
- Improvements to drainage to reduce the impact of the 'south pipe' stormwater outfall;
- Creation of a 3 ha wetland reserve; and
- Most significantly and in accordance with the objectives of the Deed of Grant, the provision of sporting facilities, which according to this proposal would be met through the development of a major district scale broad acre (junior sports focussed) area adjacent to the proposed Verita Road to meet the needs of the burgeoning southern suburbs. This was part of a conceptual development of 3 major district scale nodes which would also include an expanded Eadon Clarke reserve and an additional facility further north to meet the needs of the northern suburbs. (Refer to Sporting Futures Report – Adopted March 2013)

Sporting Futures Report

Reference is made to the City of Greater Geraldton Sporting Futures Report adopted by Council in March 2013, a report the work for which commenced in August 2010 and was submitted for extensive Public consultation in August 2012.

Page 29 of the report refers:

Southern Districts Sporting Facility

Olive Street Development & Southern Districts Sporting Facility Construction

Under the agreement with the Green family to develop Olive Street, the City has made the commitment to use funds realised to develop a broad acre sporting reserve at Verita Road as per Council Resolution of the Ordinary Meeting of Council held on 13 April 2010 (see resolution below). The

anticipated net return from land sales of the Olive Street Reserve is in the vicinity of \$10million.

The funds generated from the sale of land will enable the City to meet commitments on development of playing fields for the community in a timely manner, intended to be progressed with the final stages of the proposed land sales of the subdivision of the Olive street reserve, which has received rezoning approval from WA Planning Commission. New subdivision areas are required to provide 10% of the area for public open space. This does not cater for district sporting facilities that cover a number of suburbs, hence the need for acquisition of such sites by the City and the purchase of the Verita Road site by Council in 2011.

The anticipated timeframe for the Olive Street Development suggests titles will be ready in mid-2014. This provides an indicative timeframe for works on the Southern Districts Sporting Facility, noting this timeframe is tentative and subject to change due to external impacts

Early Community Consultation:

In March 2009 Greg Rowe and Associates was commissioned to produce a Subdivision Concept Plan demonstrating how the subject land could be developed for a combination of residential and recreational uses. The Draft Concept Plan was adopted by Council in November 2009 for public advertising.

Extensive advertising of the Concept Plan occurred at this time, including an advertisement in the local newspapers and Public Notices on display in Council's offices as well as on the (then) City of Geraldton-Greenough website. In addition, 187 letters with the Concept Plan and a press release were sent to home owners within a radius of 250m of the subject land.

A total of 18 written submissions were received throughout the advertising period and were reviewed by Council at its Ordinary Meeting on the 13 April 2010, and responded to individually. The majority of the submissions were in favour of the Concept Plan.

The Amendment was publicly advertised in accordance with the provisions of the Planning and Development Act 2005.

The advertising period commenced on 27 October 2011 and concluded 8 December 2011 and involved the following:

1. Any landowners within a 100m radius were written to and provided with an excerpt of the Amendment document;
2. A public notice appeared in the Midwest Times on 27 October 2011;
3. A sign was placed on-site;
4. The Amendment details were available on the City's website;
5. The Amendment was publicly displayed at the Civic Centre; and
6. The Amendment was referred to the following agencies:
 - Department of Agriculture and Food
 - Department of Education and Training

- Department of Environment and Conservation
- Department of Indigenous Affairs
- Department of Water
- FESA
- Main Roads WA
- NACC
- Mid West Chamber of Commerce and Industry
- Mid West Development Commission
- Telstra
- Water Corporation
- WA Gas Networks
- Western Power

Submissions:

As a result of the advertising, by closing date 8 December 2011 a total of 14 submissions were received (3 objecting to the Amendment). Listed below is a summation of the comments/concerns raised from the public comment period:

- *“Please develop as soon as possible.”*
- *“Encourage native vegetation retention measures.”*
- *“McAleer Drive and Olive Street have no footpaths or cycle ways and should be provided as part of this development.”*
- *“Increased traffic concerns along McAleer Drive especially with proposed ‘Chooks’ development on Fortyn Court.”*
- *“Parking of vehicles on McAleer Drive associated with the “Mahomets Village”.*
- *“Land can still be used for sports ovals.”*
- *“Better pedestrian access to eastern part of Mahomets across Brand Highway.”*
- *“Lot sizes should remain the same as surrounding.”*
- *“Oppose medium density housing.”*
- *“Lots 37 and 38 are within the 150m default coastal setback.”*
- *“Potential for development at Southgates could result in a loss of sediment to the Tarcoola embayment.”*
- *“Consideration be given to attach notifications on title advising of potential risk of property damage as a result of sea level rise.”*
- *“Local Water Management Strategy is acceptable subject to some minor additions.”*
- *“McAleer Drive and Olive Street intersections with Brand Highway are likely to require significant upgrades to accommodate additional traffic.”*

The background to this project, in its various forms as considered at different times by the Councils of the day, goes back to 2004, and then with evaluation in 2008 to assess viability of development as public space only. Subsequent considerations were strongly influenced by broader urban planning needs, and the aspirations of the City’s sporting community for investment in major new facilities and grounds.

The Sporting Futures Report process – capturing the aspirations of Greater Geraldton sporting bodies, and examining the forecast requirements for sporting facilities capacity, identified new capital requirements over time in the order of hundreds of millions of dollars. Confronted at the same time with recognition of the likely capital demands to overcome the legacy backlog in essential assets renewal, the Council knew it could not possibly finance both. With community demands for sporting facilities and grounds being unaffordable for the community via revenues for City rates, fees and charges, the City looked to identify innovative approaches to try to fund the early development of new sporting grounds. That was why the potential to develop Olive Street reserve in a way that would generate funds that could enable commencement of development of a new southern districts sporting complex was actively explored.

Regardless of which approach was taken, with development as space for sports grounds, or in a combination of some residential subdivision plus wetlands and open space – with the idea of residential subdivision generating funds to enable commencement of development of the proposed new southern sporting complex - the Councils of the day were conscious of the previous uses of the site, and inevitable need to remediate the contamination.

The City did not suddenly find itself confronted with the need to undertake remediation of the contaminated reserve site. The City always knew that doing nothing was never an option. The 2008 investigation report identified problems in costs of remediation and development purely as open space for junior sports fields. The subsequent geotech and environmental work, undertaken to investigate remediation requirements to enable a residential subdivision of part of the reserve ultimately identified the options and costs of remediation that rendered such a development non-viable. Consequently, the current Council resolved to cease pursuit of that option, and to initiate site remediation for public open space, to complete this legacy requirement.

This pre-project assessment process was consistent with that followed for pre-feasibility study of any proposed commercial subdivision by private sector developers. The City required the preliminary design and geotech and environmental studies to inform Council in its decision processes. Those studies were also prerequisites to inform solution design for the alternative of not progressing with the subdivision works, instead determining to confine development as public open space.

In his questions, Mr Thompson referred to comments attributed to Mr Davis at the ordinary Council meeting of 28 May 2013. An extract of the minutes of that meeting is provided below, and relates to a question related to Olive St from Mr Max Correy, during public question time:

Question 3

(A) Why is the council raising capital from ratepayers to commercially develop land previously gifted to them? Surely with a \$0 land cost the CGG is able to borrow the development costs against the land and repay them from sale proceeds without further taxing ratepayers for what may or may not prove to be a commercial unsuccessful venture – and over what timeframe.

The Flourmill Estate immediately to the North of the CBD and with Ocean aspects has proved very difficult to sell at comparable prices for several years; and

(B) If the Project is commercially viable why does the CGG not Joint Venture this project (and others) with private enterprise providing risk capital and project expertise (and efficiency), thereby protecting the interest of Ratepayers while still realising funds for the new Sports Complex – in the event the project is commercially successful. For example the Seacrest Estate JV between Dept of Housing (State Govt) and Springdale Holdings (Private Geraldton equity Group).

Response

It is assumed that this question refers to the Olive Street development project. The City is **not** raising capital (through rates revenue) for this project. The City is borrowing the funds for this development and the loan will be serviced by proceeds from land sales. On the suggested approach of a joint venture, local governments in WA have no power under the Local Government Act to undertake joint ventures with the private sector. Councils are currently not allowed to do it. In contrast, State agencies such as Department of Housing do have statutory powers to undertake joint ventures with the private sector.

The City notes that, contrary to other public commentary, nor is the City raising capital via rates revenues to undertake the Karloo/Wandina project (which has \$9M of Federal assistance, and \$13M of State assistance), or the Airport landside utilities upgrade project (which has \$2.7M of State support). In both cases, loan funds, not rates revenue, is being applied to those projects. The Karloo/Wandina is a joint venture between Department of Housing and the City.

The minutes of 28 May 2013 do not record any supplementary questions from Mr Correy nor any supplementary responses related to either potential returns from a development project, or reference to any matter associated with environmental studies. If any observations to supplementary questions without notice were made at that meeting regarding the studies, or the costs or net returns from the proposed Olive St development, they would have been based on early work by Greg Rowe & Associates, but at that early stage (May 2013), prior to full project assessment, would have been subject to later detailed studies and economic viability assessment, based on the detailed work normally associated with any land subdivision project. Notably, just as any private subdivision developer would do, the City had retained the services of specialist consultants to appraise planning and development needs, costs and potential yields, prior to any decisions to actually proceed with the project.

From the minutes of that May 2013 meeting, the concerns of Mr Correy appear to have been related to (1) ensuring Council was not increasing Rates to raise capital to fund commercial land development projects [which Council was not doing], and (2) his personal preference [as a commercial real estate agent and land development participant] for the private sector and not Council, to undertake commercial development of City owned land – while still using that development to generate funds for the new Sports Complex.

8.7 Matter Taken on Notice – City Procurement Processes

Attachment 3 to these minutes provides information regarding rights of public access to City information. Attachment 4 to these minutes provides information regarding the requirements for Tenders, the public availability of the Tenders Register, and the City process for tendering and evaluation.

Current Council Policies associated with Procurement are accessible via the City website, including:

- 4.9: Procurement of Goods and Services
- 4.10: Procurement via Panels of Prequalified Suppliers
- 4.11: Regional Price Preference.

The City notes that expressions of “concern” about City tender processes most frequently arise not in regard to the probity of the tender process, but in relation to the outcomes of particular tenders, most notably in cases where contracts are awarded other than to local providers. Disagreement with a City procurement process outcome by self-interested parties does not establish justification for criticism of the integrity of the procurement process. Demonstrable capacity to deliver to specification, on quality, on time, at a competitive price, will always be the basis for winning contracts. Inability to meet those fundamentals will see failure to gain contracts. The Council has robust procurement processes in place that aim to deliver most benefit to the City, with focus on delivering best value for money. The nature of what is being procured – goods or services – drives the definition and weighting of evaluation criteria, and best value for money is a combination of factors, not just price.

The Council has in place robust Procurement policies, and policy on local procurement preference – within the bounds of legislation.

Local Government (Functions & General) Regulation 24D is relevant:

24D. Price percentage within which preference may be given

(1) A preference may be given to a regional tenderer by assessing the tender from that regional tenderer as if the price bids were reduced by -

(a) up to 10% - where the contract is for goods or services, up to a maximum price reduction of \$50 000;

(b) up to 5% - where the contract is for construction (building) services, up to a maximum price reduction of \$50 000; or

(c) up to 10% - where the contract is for goods or services (including construction (building) services), up to a maximum price reduction of \$500 000, if the local government is seeking tenders for the provision of those goods or services for the first time, due to those goods or services having been, until then, undertaken by the local government.

(2) Although goods or services that form a part of a tender submitted by a tenderer (who is a regional tenderer by virtue of regulation 24B(2)(b)) may be -

(a) wholly supplied from regional sources; or

(b) partly supplied from regional sources, and partly supplied from non-regional sources,

only those goods or services identified in the tender as being from regional sources may be included in the discounted calculations that form a part of the assessments of a tender when a regional price preference policy is in operation.

(3) Despite subregulation (1), price is only one of the factors to be assessed when the local government is to decide which of the tenders it thinks would be most advantageous to that local government to accept under regulation 18(4).

[Regulation 24D inserted in Gazette 25 February 2000 p.972.]

The City has gone to extra effort in its procurement, with practices such as definition of separable components in major projects, to create opportunity for local businesses to submit tenders for either all or parts of projects. The City encourages local companies to seek inclusion in WALGA panel contracts of preferred suppliers.

The City has also implemented the e-Quotes system, encouraging local businesses to register, so that they are automatically invited to provide quotes for procurement below the full public tender threshold level of \$150,000 whenever the City undertakes procurement for the goods or services they supply. The use of e-Quotes has seen upwards of 90% of all quotes being awarded to local businesses. As a general rule quotes now are only awarded to non-local businesses when there is limited or no local businesses providing the goods or service required.

In relation to the Tender process, as noted by the CEO, the City now uses the online system TenderLink for all tenders. That system is highly secure, accessed only by the City's central Procurement & Risk team. Similarly, the folders utilised for tender documents in the City's electronic document and records management system TRIM are secured, and are only accessible by that team. The Procurement & Risk team does not undertake procurement in its own right. It was established as an internal control point, separate from the line departments which undertake procurement, to control, coordinate and monitor all procurement activities. It manages and controls both the TenderLink and E-Quotes systems that must be used by the line departments.

When tenders are invited via a formal Request for tender (RFT), tenders must be submitted via TenderLink. Only the Procurement & Risk (P&R) team can open the tenders at close of the tender period. No other City officers can access the tenders. The P&R team then establishes a secured system folder to hold submitted tenders, and undertakes a preliminary assessment as to whether each tender is compliant. Access to the submitted tenders is then enabled for designated members of the tender evaluation panel. Nobody else can access the tender documents.

In response to the question from Dr Thompson, at no time, from date of issuing an RFT, through closing date for tenders, and initial compliance assessment by the central procurement & Risk team, can any other City officer access submitted tender documents.

The central Procurement & Risk team acts as the sole point of contact between tenderers and the City. Inquiries from tenderers prior to closing date can only be directed to the P&R team, and responses from the City come exclusively from the P&R team. Any tender addenda can only be issued by the P&R team. As well, a member of the P&R team sits in all meetings of every tender evaluation panel, keeping record and providing probity oversight of the process.

Under current processes, for any proposed tender, a Procurement Plan must be formally submitted for scrutiny by the Executive Management Team (EMT), chaired by the CEO, for approval prior to a tender process being approved. As well, every Tender Evaluation Report must be formally submitted for scrutiny by the EMT, prior to any recommendation for award being considered for approval.

The City has a high degree of confidence in the rigour, integrity and probity of its current Tender and Procurement processes.

APPENDIX 1 – ATTACHMENTS

Attachments are available on the City of Greater Geraldton website at:

<https://www.cgg.wa.gov.au/council-meetings/special-meeting-of-electors-monday-11-june-2018-5.30pm-at-the-queens-park-theatre/139>

- A – External Auditors Reports from 2013-2017.
- B – Extracts from official 2017-18 Budgets for Comparison Councils
- C – Statutory Framework for Public Access to Information
- D – Requirements for Tenders, Tender Register, & City Process