

MAYORS MESSAGE 468

The Thevenard Fish unloading Facility.

Members of council completed a thorough review of this important project including a comprehensive long term financial plan update during the council meeting held on Wednesday 24th.

During the meeting it was re-affirmed that this project was affordable despite increased costs and that it would be completed. The original project was planned to cost \$9.68 million based on independent engineering estimates in 2015. The funding arrangements were;

Australian Government \$4.828 million.

State Government \$1.5 million.

Council loan funds \$3.38 million.

Tenders received for the construction of the facility plus the need to purchase the land in the sea from the State Government for \$300,000 (we hoped to lease it) resulted in significant cost increases.

Council has subsequently undertaken detailed negotiations with the preferred tenderer to redesign to reduce the cost of construction. As a result the cost of the redesigned facility is now \$11.2 million. (This figure includes \$0.5 million for contingencies which may not be needed.)

Council consequently adjusted the user charges for the facility and completed a long term financial plan to verify that the changed funding was affordable without any additional costs to ratepayers during the life of the loan. All incomes and expenditures were calculated on very conservative basis to ensure that we could afford to borrow the extra funds needed. Final funding arrangements are thus;

Australian Government \$4.828 million.

State Government \$1.5 million.

Council loan funds \$4.88 million.

The level of demand from industry members who will use the unloading facility coupled with the amount of additional employment involved convinced members of council that the extra costs were justified. Council also consulted with the main users before increasing the charges for the facility.

The loan will be repaid through user charges for the facility and not through ratepayer funds.