

Please note: These minutes are yet to be confirmed as a true record of proceedings

**CITY OF BUSSELTON**

**MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 17 JANUARY 2019**

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## MINUTES

MINUTES OF FINANCE COMMITTEE HELD IN THE COMMITTEE ROOM, ADMINISTRATION BUILDING, SOUTHERN DRIVE, BUSSELTON, ON 17 JANUARY 2019 AT 9.30AM.

### 1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.30am.

### 2. ATTENDANCE

Presiding Member:

Cr Robert Reekie

Members:

Cr Grant Henley  
Cr Coralie Tarbotton  
Cr John McCallum  
Cr Paul Carter

Officers:

Mr Mike Archer, Chief Executive Officer  
Mr Daniell Abrahamse, Acting Director, Engineering and Works Services  
Mr Tony Nottle, Director, Finance and Corporate Services  
Mrs Naomi Searle, Director, Community and Commercial Services (entered the meeting at 11.41am)  
Mr Kim Dolzadelli, Manager, Finance Services  
Mr Vitor Martins, Manager, Waste and Fleet Services (left the meeting at 9.50am)  
Mr Matthew Twyman, Manager, Operations Services (entered the meeting at 10.39am)  
Ms Meg Delahoy, Manager Major Projects and Facilities (entered the meeting at 10.39am and left the meeting at 10.57am)  
Miss Kate Dudley, Administration Officer, Governance

Apologies:

Nil

### 3. PUBLIC QUESTION TIME

Nil

### 4. DISCLOSURE OF INTERESTS

Nil

### 5. CONFIRMATION OF MINUTES

#### 5.1 Minutes of the Finance Committee Meeting held 15 November 2018

#### COMMITTEE DECISION

**F1901/001** Moved Councillor J McCallum, seconded Councillor G Henley

That the Minutes of the Finance Committee Meeting held 15 November 2018 be confirmed as a true and correct record.

**CARRIED 5/0**

**7. GENERAL DISCUSSION ITEM****7.1 Bin Cleaning**

The CEO and the Manager of Waste and Fleet Services presented the committee with a proposal to purchase a bin cleaning machine to undertake this activity internally. Councillors were supportive of the proposal to purchase a second hand bin cleaning machine for \$18,000. The CEO suggested that officers bring a budget amendment report to the Finance and Committee meeting in February 2019. The Committee was in support of a budget amendment report being presented at the Finance and Committee meeting in February 2019.

*9.50am: At this time the Manager of Waste and Fleet Services left the meeting.*

## 6. REPORTS

### 6.1 REGIONAL ROAD GROUP - QUARTERLY REPORT

<b>SUBJECT INDEX:</b>	Infrastructure
<b>STRATEGIC OBJECTIVE:</b>	Road networks that provide for a growing population and the safe movement of all users through the District.
<b>BUSINESS UNIT:</b>	Engineering and Facilities Services
<b>ACTIVITY UNIT:</b>	Design and Survey
<b>REPORTING OFFICER:</b>	Manager, Engineering and Facilities Services - Daniell Abrahamse
<b>AUTHORISING OFFICER:</b>	Director, Engineering and Works Services - Oliver Darby
<b>VOTING REQUIREMENT:</b>	Simple Majority
<b>ATTACHMENTS:</b>	Nil

### PRÉCIS

The purpose of this report is to provide the Finance Committee with a quarterly update on Regional Road Group Funding. The report details which road projects qualify for funding, progress on current grant applications, progress on currently funded projects and any impacts on the financial management of the City.

### BACKGROUND

#### Regional Road Group Road Project Grants Background

There are 10 Regional Road Groups (RRG) in WA, established under the State Road Funds to Local Government Agreement. The City of Busselton is a member of the South West group comprising 15 other local government areas, including the Cities of Bunbury and Mandurah and the Shires of Harvey, Collie, Dardanup, Capel, Augusta-Margaret River, Nannup, Manjimup, Bridgetown-Greenbushes, Boyup Brook, Waroona, Boddington, Murray and Donnybrook-Balingup.

The South West Regional Road Group (SWRRG) is guided by a document referred to as 'Roads 2030'; this document identifies roads within the various Local Government Authorities (LGA) that are of regional significance. These local government roads (as contained in the Roads 2030 document) are reviewed on a five yearly interval to assess the effects of changing circumstances and demand on the local road network. New roads can be added through this process although the justification can be difficult to achieve and is not guaranteed.

The City of Busselton currently has 21 roads of regional significance on the list. **These as detailed in alphabetical order in the table below.**

- Albert Street
- Bussell Highway
- Cape Naturaliste Road
- Causeway Road
- Commonage Road
- Fairway Drive
- Jindong – Treeton Road
- Layman Road
- Ludlow – Hithergreen Road
- Metricup Road
- North Jindong Road
- Payne Road
- Peel Terrace
- Queen Elizabeth Avenue
- Queen Street
- Roy Road
- Strelly Street
- Tuart Drive
- Vasse-Yallingup Siding Road
- Wildwood Road
- Yallingup Beach Road

Each year the City applies for funding based on works required, derived either from an asset management perspective, or more recently, as a result of the Busselton Traffic Study outcomes. All projects applied for by the SWRRG are then reviewed, prioritised and ranked based on the SWRRG prioritisation guidelines.

Funding for eligible projects is based on a 2/3<sup>rd</sup> RRG and 1/3<sup>rd</sup> LGA basis. The City is required to contribute the 1/3<sup>rd</sup> of the cost of any project from its own funds. There is also a maximum RRG funding distribution per project per year of \$500,000, thus no project can exceed \$750,000 combined funding in any given year unless the City contributes in excess of its 1/3<sup>rd</sup>. Projects can however be staged over multiple years at the maximum allowable amount.

The SWRRG has an expenditure performance target of 90% of Grants assigned to be expended annually.

The RRG funding is broken into two (2) separate allocation streams being Preservation or Improvement works:

- Preservation works largely involve the reconditioning of the existing infrastructure with only minor improvements.
- Improvement works are to expand the infrastructure, increase its capacity or other significant works. Improvement works usually required more detailed design and planning, and projects are generally located in high density areas. Sometimes environmental considerations & service relocations are needed for these projects.

It is important to note that the funding associated with RRG is treated as a funding pool and is distributed or treated in two different ways, dependent on the type of endorsed project. Projects for both funding streams can be either a one off project or a long term ongoing project.

A one off project may be a reconstruction or reseal of a particular road or section of road. The work is completed in that financial year and no further works are required on that road. Any surplus funds on completion of the one off project are returned to the funding pool where the funding gets redistributed amongst the other RRG local governments. Or by request (requires RRG approval) the funds can be transferred to other RRG budgeted projects.

Long term projects or ongoing projects are projects that have been budgeted and programmed to complete over a number of years, generally commencing with detailed design work, service relocation and finally construction. Similar to a one off project, in any one year unspent funds can be returned to the funding pool. This is however with the knowledge that funding has been allocated for the following year. Or, as per the City of Busselton's prior approach, funds can be carried over in order to retain the funds and bank it with future year's allocations. This allows a larger scale project to be completed in a one off manner. The long term projects are nominated over a set period, generally up to 5 years. Where the project exceeds this delivery timeframe it will need to be reapplied for and be assessed against other nominated RRG projects.

**OFFICER COMMENT****Regional Road Group Funding Applications for 2019/2020**

The City submitted four (4) applications for the 2019/2020 round of RRG funding.

1. Improvements to the Causeway Road (#2051103) – The project application is for Stage 2 of the City Centre Eastern Link project. This also includes the upgrading of the existing intersection at the Strelly Street/Causeway Road intersection. This project has received the necessary overall score to be considered on the provision that the section of Causeway Road between Rosemary Drive and Molloy Street will be duplicated. Main Roads WA (MRWA) has advised officers that if this is not the case, the funding needs to be returned to the RRG funding pool for redistribution to other group members.

*Funding applied for 2019/2020 - \$500,000 RRG and \$250,000 LGA.*

*Further funding for 2020/2021 - \$500,000 RRG and \$250,000 LGA.*

2. Improvements Peel Terrace (#2050208) - The project application is for the upgrade of the existing Peel Terrace/Queen Street roundabout to accommodate an additional through lane to the north and turn lanes from east to south. Works are proposed to include cycle integration, service relocation, drainage and lighting.

*Funding applied for 2019/2020 - \$500,000 RRG and \$250,000 LGA.*

*Further funding for 2020/2021 - \$500,000 RRG and \$250,000 LGA.*

3. Improvements Queen Street (#2050201) – the project application is for the construction of a roundabout at the Queen Street/Albert Street junction, removing the traffic signals, bicycle integration, service relocation, drainage and lighting.

At the time of submitting the grant application officers were advised by MRWA that this application cannot be considered as it will require further input from MRWA with regards to the removal of traffic lights at the intersection of Queen Street/Albert Street. City officers are currently working with MRWA to establish the methodology of the required investigation to remove the traffic signals. This project forms part of the improvements recommended by the Council at their meeting held on 14 November 2018.

*Funding applied for 2019/2020 - \$500,000 RRG and \$250,000 LGA.*

*Further funding for 2020/2021 - \$500,000 RRG and \$250,000 LGA.*

*Further funding for 2021/2022 - \$500,000 RRG and \$250,000 LGA.*

4. Improvements Bussell Highway (#2051104) – The project application is for asphalt overlay, standardising lane widths and intersection treatments. Works are proposed to include bicycle lane, pedestrian facilities, drainage and lighting upgrades.

This forms part of the recommendations made in the Busselton Traffic Study with regards to the intersections along Bussell Highway.

*Funding applied for 2019/2020 - \$500,000 RRG and \$250,000 LGA.*

*Further funding for 2020/2021 - \$500,000 RRG and \$250,000 LGA.*

*Further funding for 2021/2022 - \$500,000 RRG and \$250,000 LGA.*

*Further funding for 2022/2023 - \$500,000 RRG and \$250,000 LGA.*

*Further funding for 2023/2024 - \$500,000 RRG and \$250,000 LGA.*

### **Current Year Projects and Progress Commentary**

For the 2018/19 financial year the City has seven (7) roads over which there are 6 separate project scopes. All but one of these projects are categorised as improvements.

*NOTE: MRWA assigns new project numbers annually whereby the City consolidates any project carryovers into any new project allocations.*

**Project Name – S0035 Strelly Street (Strelly/Barlee Street Roundabout) Project Budget \$450,000**

#### ***Financial information***

<b>Budget</b>	<b>YTD Actual</b>	<b>Commitments</b>	<b>Project Balance</b>	<b>Status</b>
\$450,000	\$14,752	\$91,024	\$344,222	In progress - See detail below

#### ***Project Scope***

This project is part of Busselton Dunsborough Traffic Study (BTS) and involves the following:

- Short term- Construction of an upgraded link from the Busselton Bypass to West Street, onto the old Bussell Highway/Albert Street. This is known as the Strelly/Barlee/West Street connection which offers alternative access to the Busselton City Centre, the foreshore and the western portion of the Busselton CBD. The first stage involves the relocation of services and land resumptions, after which the construction of a new roundabout at the intersection of Strelly/Barlee Street will be undertaken.
- Long Term – Construction of a dual carriageway to the above route is envisaged by 2036.

#### ***Progress Report***

##### Works in Progress

The works have been scheduled for implementation in early February 2019 with an estimated construction time frame of 4 – 6 weeks (weather dependant).

City officers have had numerous meetings with property owners and their tenants to discuss how the works will be undertaken so as to minimise disruption to their day to day business activities. Some of the works will be undertaken after-hours by contractors to expedite the works and reduce impact on daily business activities. City officers will also arrange for signage in and around the construction area advising and directing people to and from these businesses.

Project Risks

Project risks include unforeseen project costs, encountered as a result of the stormwater system potentially requiring additional upgrade works at the point where the new drainage connects due to the age of the existing infrastructure. This is currently being investigated. Budget permitting, the works could be undertaken as part of the project.

The impact of works on affected business owners is another key risk however City officers will be meeting with business owners and tenants on a daily basis during the construction period.

**Project Name – S0067 Layman Road**

**Project Budget \$152,487**

***Financial information***

<b>Budget</b>	<b>YTD Actual</b>	<b>Commitments</b>	<b>Project Balance</b>	<b>Status</b>
\$152,487	\$21,882	\$39,984	\$90,620	In progress - See details below

***Project Scope***

The works on Layman Road in the Wonnerup town site has been completed as part of the 2017/18 financial year budget. An amount of \$152,487 was identified as a project saving. The City has obtained the consent of the RRG (MRWA) to extend the project area along Layman Road from the Wonnerup town site to where Layman Road intersects with the Bussell Highway.

The section of Layman Road that has been earmarked for some minor improvements is the section from the roundabout on Layman Road and Tuart Road to the Bussell Highway. This is also the first section of road leading motorists along the alternative access onto Layman Road – heading into the Busselton CBD, the foreshore and East Busselton.

***Progress Report***Works in Progress

City officers are currently investigating various delivery options that includes shoulder works and drainage works along this section of road. However the drainage might require a clearing permit. City officers are working with the Department of Biodiversity Conservation and Attractions (DBCA) to establish if a comprehensive clearing permit is required for the completion of the drainage works.

Project Risks

The key project risk is an environmental one – that is, that the City may require a clearing permit for the clearing of a mature indigenous tree to address the drainage on this road. The clearing approval might run into the new financial year meaning the project will not be completed as per the MRWA grant conditions and result in a project carry-over.

**Project Name – S0051 Causeway Road/Rosemary Drive Roundabout Project Budget \$750,000*****Financial information***

<b>Budget</b>	<b>YTD Actual</b>	<b>Commitments</b>	<b>Project Balance</b>	<b>Status</b>
\$750,000	\$9,990	\$13,715	\$726,294	Ongoing

***Project Scope***

This project is part of the BTS and involves the construction of a roundabout on Causeway Road providing access to the new Eastern Link Bridge and Rosemary Drive.

***Progress Report***Works in Progress

The design for the Causeway Road/Rosemary Drive roundabout that forms part of the City Centre Eastern Link project was advertised for Expressions of Interest (EOI) for the construction of the City Centre Eastern link – Stage 1 in late 2018. The EOI closes on 22 January 2019. A shortlist of prospective contractors will be invited to tender on the project in February/March 2019, with awarding of the tender being subject to the City obtaining all the necessary environmental approvals from both State and Federal agencies. City staff has been advised that these approvals should be all wrapped up by latest March 2019.

If this is the case, the City could have a contractor on site as early as late April, early May 2019.

Project Risks

The biggest risk to this project is that the City does not receive all the required environmental approvals for the construction of the City Centre Eastern Link, thus the project will not be able to commence as planned.

**Project Name – S0064 Peel Terrace (Stanley Pl/Cammilleri Inters. Upgrade) Project Budget \$613,033*****Financial information***

<b>Budget</b>	<b>YTD Actual</b>	<b>Commitments</b>	<b>Project Balance</b>	<b>Status</b>
\$613,033	\$154,929	\$23,307	\$434,796	Ongoing

***Project Scope***

This project is part of the BTS and involves the upgrade of the existing intersection at Stanley Place and Peel Terrace as well as a new roundabout at Cammilleri Street / Peel Terrace that will link Peel Terrace to the City Centre Eastern Link.

***Progress Report***Works in Progress

All of the services along Peel Terrace were relocated as part of the 2017/18 financial year budget, as well as the section of road between Causeway Road and Stanley Place being upgraded. Some of these works were finalised during the current financial year, hence some expenditure being incurred.

As with the Causeway Road project above, the design for the works on Peel Terrace forms part of the City Centre Eastern Link project and has been advertised as part of the Expressions of Interest (EOI) for the Construction of the City Centre Eastern Link – Stage 1.

As per above tenders will be advertised and then awarded on the provision that the City obtain all the necessary environmental approvals from both State and Federal agencies. City staff has been advised that these approvals should be all wrapped up by latest March 2019. If this is the case the City could have a contractor on site as early as late April, early May 2019.

Project Risks

The biggest risk to this project is that the City does not receive all the required environmental approvals for the construction of the City Centre Eastern Link, thus the project will not be able to commence as planned.

**Project Name – S0066 Queen Street**

**Project Budget \$52,846**

***Financial information***

<b>Budget</b>	<b>YTD Actual</b>	<b>Commitments</b>	<b>Project Balance</b>	<b>Status</b>
\$52,846	\$2,458	\$747	\$49,640	Ongoing

***Project Scope***

This project is part of the BTS and involves minor modifications to the road layout and lanes on the section of Queen Street from Peel Terrace and Albert Street; including detailed design and modelling associated with traffic congestion and the improvement of traffic flow into the town centre and redesign of the intersection of Queen and Albert and West/Albert from a signalised intersection to a roundabout.

*Note- Funding received to date is predominantly for the detailed design of the above works.*

***Progress Report***Works in Progress

Detailed modelling of numerous options associated with the intersection treatments for this area has been undertaken. City Officers have narrowed the preferred design of the Queen/Albert Street intersection to a roundabout in lieu of the traffic signals. This option will require additional traffic modelling and preliminary designs to establish if this is a viable option.

No final design has been determined at this point as priority has been given to the completion of the City Centre Eastern Link, Peel Terrace upgrade and the Barlee Street/Strelly Street upgrades. Noting that officers would expect to complete the detailed design of this area towards the end of the financial year.

Relocation of public utilities such as Telstra and Western Power is currently being investigated.

#### Project Risks

The key risk to this project is the City not obtaining approval from MRWA to remove the traffic signals and replace the existing intersection with a roundabout.

**Project Name – S0068 Georgiana Molloy Bus Bay Facilities** **Project Budget \$197,286**

#### Financial information

Budget	YTD Actual	Commitments	Project Balance	Status
\$197,286	\$27,000	\$160,546	\$9,737	Ongoing

#### ***Project Scope***

Funding has been provided by the State Government via Libby Mettam MLA to assist with congestion associated with school buses around the Georgiana Molloy Anglican School (GMAS) during pick up and drop off.

#### ***Progress Report***

#### Works in Progress

Works on the GMAS bus bay facilities started before the festive season. Road works are expected to be completed before school reconvenes. It's anticipated that the landscaping works will be completed by mid-February 2019.

#### Project Risks

The key risks are that detailed design cannot be finalised, which would result in the funds being returned to the RRG funding pool, or that the project exceeds budget, in which case the school will be requested to fund the balance.

#### **COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION**

**F1901/002**

Moved Councillor P Carter, seconded Councillor C Tarbotton

That the Finance Committee note the Regional Road Group Report for the second quarter of the 2018/19 financial year.

**CARRIED 5/0**

9.59am At this time the Chief Executive Officer left the meeting.

## 6.2 APPLICATION FOR RATE EXEMPTION - LAMP INCORPORATED

<b>SUBJECT INDEX:</b>	Exemptions and Appeals (Rates)
<b>STRATEGIC OBJECTIVE:</b>	Governance systems, process and practices are responsible, ethical and transparent.
<b>BUSINESS UNIT:</b>	Rates
<b>ACTIVITY UNIT:</b>	Rates
<b>REPORTING OFFICER:</b>	Rates Coordinator - David Nicholson
<b>AUTHORISING OFFICER:</b>	Director Finance and Corporate Services - Tony Nottle
<b>VOTING REQUIREMENT:</b>	Simple Majority
<b>ATTACHMENTS:</b>	Attachment A Rate Exemption Application 
	Attachment B Auditors Report 
	Attachment C Consitution 

### PRÉCIS

An application has been received from Lamp Incorporated for rate exemption. On the basis of the application this report recommends that the request for exemption be granted.

10.02am *At this time the Chief Executive Officer returned to the meeting.*

### BACKGROUND

The Lamp Incorporated organisation is a not for profit/charitable group that purchased a residential property at 13 Billabong Street, Yalyalup in August 2017. The purposes of the property is to provide supported short term accommodation for people with mental illness while they await permanent residency with Housing WA (NE: Department of Housing) or family reunification.

The Annual Information Statement 2017 as lodged with the Australian Charities and Not for Profits Commission (ACNC) details the organisations activities and outcomes as:

*“A community support service for people with Mental Health issues, their families and carers. Lamp activities cover a diverse range of community settings including supporting people with severe and persistent mental illness to live independently, to live in their homes, provide education, training and advocacy for carers and families, work with youth in crisis, self-harm and suicide prevention, homelessness, indigenous and family mental health support, work with school and juvenile justice systems providing early intervention for young people at risk. Lamp works with an individualised recovery model and the supports services it offers allows people with mental illness to optimise their lifestyle choices and become active and welcome members of communities.”*

Documentation provided in a previous rate exemption application for 226 Bussell Highway, West Busselton that was approved and/or as part of the application includes:

- Application for Rate Exemption including property use Statutory Declaration.
- Constitution and rules for Lamp Inc.
- Australian Charities and Not for Profits Commission (ACNC) registration summary
- ACNC annual information statement 2017
- Australian Tax Office notice of endorsement for charity tax concessions
- Lamp Inc. Financial Report year ending 30 June 2017

Principal funding is provided by grants through such organisations as:

- Disability Services Commission
- Department of Child Protection
- Mental Health Commission
- Department of Health D2D Living Community Program
- Department of Social Services

While it was a different type of property and location, Lamp Incorporated's office location at 226 Bussell Highway, West Busselton was deemed exempt from rates at Council's ordinary meeting held on the 13<sup>th</sup> June 2018. At this meeting it was resolved:

*C1806/110 Moved Councillor J McCallum, seconded Councillor P Carter*

*That the Council in accordance with Section 6.26 (2)(g) of the Local Government Act 1995 declare 226 Bussell Hwy, West Busselton, as leased by the Lamp Incorporation be declared exempt from rating on the basis that the property is used exclusively for a charitable purpose, with the effective date being the date of application, namely, 28th March 2018.*

*CARRIED 9/0  
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## **STATUTORY ENVIRONMENT**

Section 6.26 of the *Local Government Act 1995* (the Act) provides broad definitions for rateable and non-rateable land. Moreover, Section 6.26 (2) (g) states that land is not rateable if it is "used exclusively for charitable purposes".

## **RELEVANT PLANS AND POLICIES**

There are no relevant plans or policies in relation to this item.

## **FINANCIAL IMPLICATIONS**

The rates levied for 13 Billabong Street Yalyalup totalled \$1,651 for the 2018/19 financial year.

An application for rate exemption was lodged on the 22<sup>nd</sup> August 2018, immediately after the issuance of the 2018/2019 annual rate notice and within the rate objection period. As such, a rate exemption if granted should be effective 1<sup>st</sup> July 2018 resulting in a \$1,651 reduction to the 2018/2019 rating income and similar amounts for each of the following financial periods.

## **LONG-TERM FINANCIAL PLAN IMPLICATIONS**

There will be no significant implication to the City's long term financial plan due to the amount of the proposed rate exemption.

While a broader local government issue, there is a concern that a large number of organisations claiming charitable status could result in a long term effect on the City's rate base into the future. This matter was raised at the recent South West WALGA Zone (SWZ) meeting in Capel on the 23 November 2018. The SWZ has since advocated for clarity and consideration of the impacts of rates exempt properties within the current Local Government Act Review (Phase 2).

## STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 of the Strategic Community Plan 2017 and more specifically Community Objective 6.1 - 'Governance systems, process and practices are responsible, ethical and transparent'.

## RISK ASSESSMENT

There are no risks identified of a medium or greater level associated with the Officers recommendation. Having said that, if Council chooses to not approve the application for rate exemption then staffing and/or legal costs may be incurred if the applicant refers the matter to the State Administrative Tribunal for review of the decision.

## CONSULTATION

No consultation was considered necessary in relation to this matter.

## OFFICER COMMENT

In accordance with Section 6.26 (2) (g) of the Act land is not rateable if it is used exclusively for charitable purposes. Rate exemption applications need only be considered in two parts – being firstly is the use itself “charitable” and secondly if the use is considered to be charitable, then is the property being used exclusively for such use.

In considering the first part, that is, are the operations of Lamp Incorporated considered to be a charitable use, legal opinions have been consistent in defining a charitable purpose as land used for:

1. The relief of poverty;
2. The advancement of education;
3. The advancement of religion; and
4. Other purposes beneficial to the community.”

The services provided by Lamp Incorporated are, apart from a small once off membership fee of \$60.00 for insurance purposes, provided free of charge. Provision of services to those suffering from mental health issues within the community would meet the “other purposes beneficial to the community” charitable definition.

In considering the second part, that is, ‘is the property being exclusively used for a charitable purpose’; this criteria is being met as Lamp Incorporated owns the property and uses it exclusively for the purpose of providing accommodation for people with mental illness.

There has been no physical inspection of the property due to its residential purpose and that to do so could cause anxiety to any occupant/s. Included however with the rate exemption application was a statutory declaration stating that the property’s purpose is “*Transitional housing for people with mental illness short term whilst awaiting public housing*”.

The City’s Planning and Development Services Directorate have reviewed this request and determined that the property and its proposed uses do not require further assessment or approvals.

If rate exemption is granted then the applicant will be instructed to confirm by the 30<sup>th</sup> April annually that the property continues to be used for the purposes stated in the application. If a change has occurred and the new use is not eligible for rate exemption then the property will become rateable.

**CONCLUSION**

It is considered, based on the application and associated documentation provided by Lamp Incorporated, prior rate exemption granted to Lamp Incorporated by Council as well as the legal opinions on charitable purposes, that 13 Billabong Street, Yalyalup is eligible for rate exemption as it is being used exclusively for such charitable purposes.

**OPTIONS**

Council may decline the rate exemption application on the basis that it considers that Lamp Incorporated is not providing a charitable purpose to the community or that such charitable use is not considered an exclusive use of the property.

Should the application be declined for either of the above reasons then Lamp Incorporated will have the option to refer the matter to the State Administrative Tribunal for a review of the decision. Such referral will see Council needing to defend its decision and thereby incurring staffing and/or legal costs.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

The proposed effective date for rate exemption if granted would be the 1<sup>st</sup> July 2018 due to the application being lodged on the 22<sup>nd</sup> August 2018, immediately after the issuance of the 2018/2019 annual rate notice and within the rate objection period.

**COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION**

**F1901/003** Moved Councillor J McCallum, seconded Councillor C Tarbotton

That the Council:

1. grant rate exemption under section 6.26 (2)(g) of the *Local Government Act 1995*, "land used exclusively for charitable purposes", on 13 Billabong Street Yalyalup effective from the 1<sup>st</sup> July 2018; and
2. determine that the above rate exemption is to continue where Lamp Incorporated confirms in writing by the 30<sup>th</sup> April annually that the property continues to be used for the purposes stated in the application.

**CARRIED 5/0**

### 6.3 APPLICATION FOR RATE EXEMPTION - ACCESS HOUSING AUSTRALIA LTD

<b>SUBJECT INDEX:</b>	Exemptions and Appeals (Rates)
<b>STRATEGIC OBJECTIVE:</b>	Governance systems, process and practices are responsible, ethical and transparent.
<b>BUSINESS UNIT:</b>	Rates
<b>ACTIVITY UNIT:</b>	Rates
<b>REPORTING OFFICER:</b>	Rates Coordinator - David Nicholson
<b>AUTHORISING OFFICER:</b>	Director Finance and Corporate Services - Tony Nottle
<b>VOTING REQUIREMENT:</b>	Simple Majority
<b>ATTACHMENTS:</b>	Attachment A Rate Exemption Application - Owned Properties 
	Attachment B Rate Exemption Application - Leased Properties 
	Attachment C Rate Exemption Statutory Declaration - Owned Properties 
	Attachment D Rate Exemption Statutory Declaration - Leased Properties 
	Attachment E Rate Exemption Application Covering Letter 
	Attachment F Rate Exemption Supporting Documentation 

#### PRÉCIS

Applications have been received from Access Housing Australia Ltd (AHA) for rate exemptions on residential properties they own and lease from the WA Housing Authority (WAHA). On the basis of the applications and known rate exemption eligibility legal opinions, this report recommends that the request for exemptions be granted.

#### BACKGROUND

AHA is a not for profit Community Housing Organisation (CHO), a registered charity and public benevolent institution. It is one of WA's largest non-government social housing tenancy / property managers, with more than 1,800 properties across the Perth metropolitan area, Peel and South West regions under management. Its tenants include seniors, people living with a disability or mental health illness, families and singles.

As a not-for-profit organisation, AHA reinvests any profits made through its core business into servicing its property portfolio, developing and purchasing additional affordable homes and funding programs to support tenants to access education, training and employment options which assist with increasing financial resilience and break welfare dependency. This approach allows the organisation to facilitate pathways into and out of the social housing system for current and prospective tenants, while also providing a high quality, customer focused service.

The applications for rate exemptions are for residential properties that AHA own and lease from the WAHA as per the following schedule. These properties are leased from the WAHA, managed by the organisation and are rated via four assessments.

**SCHEDULE OF WAHA LEASED PROPERTIES**

Number	Street	Suburb	Program*	Control	Rent F/night
66	College Avenue	West Busselton	CDHP	Managed Lease	\$360.16
2/3	Elliott Street	Busselton	CDHP	Managed Lease	\$335.28
12	Melville Court	Busselton	CDHP	Managed Lease	\$515.56
*6A	Whitton Street	West Busselton	CDHP	Managed Lease	\$451.81
*6B	Whitton Street	West Busselton	CDHP	Managed Lease	\$334.28

\* Rated as 2-6 Whitton Street, West Busselton

*Community Disability Housing Program (CDHP) Details*

- Disability independent living units
- Transitional housing and support program managed by the Drug and Alcohol Program
- Housing for people with mental health support needs through the Independent Living Program (ILP), Independent Supported Accommodation (ISA) or Mental Health Housing Strategy

**SCHEDULE OF AHA OWNED PROPERTIES**

Number	Street	Suburb	Program*	Control	Rent F/night
*1/85	Dorset Street	West Busselton	CH	Self	\$334.28
*2/85	Dorset Street	West Busselton	CH	Self	\$337.66
*3/85	Dorset Street	West Busselton	CH	Self	\$351.32
*4/85	Dorset Street	West Busselton	CH	Self	\$338.30
*5/85	Dorset Street	West Busselton	CH	Self	\$330.08
*6/85	Dorset Street	West Busselton	CH	Self	\$334.60
*7/85	Dorset Street	West Busselton	CH	Self	\$335.76
*8/85	Dorset Street	West Busselton	CH	Self	\$361.83
*9/85	Dorset Street	West Busselton	CH	Self	\$351.33
*10/85	Dorset Street	West Busselton	CH	Self	\$334.28
*11/85	Dorset Street	West Busselton	CH	Self	\$334.28
*12/85	Dorset Street	West Busselton	CH	Self	\$330.08
2/76	Kent Street	Busselton	CH	Self	\$334.28
3/76	Kent Street	Busselton	CH	Self	\$399.04

\* Rated as 85 Dorset Street, West Busselton

*Community Housing Program (CH) Details*

- Subsidised rental housing for Eligible Person on very low, to low, to moderate income

AHA lease these properties to tenants deemed eligible by the WAHA and sourced from their Joint Wait List. Lease payments are calculated based on 25% to 30% of the primary tenant's eligible assessable income to a maximum of 74.9% of market rental values.

Documentation provided as part of the applications includes:

- Applications for Rate Exemptions Including Property Use Statutory Declarations.
- Rate Exemption Application Covering Letter
- Supporting Document - Organisation Certificate of Registration and Constitution, Australian Tax Office Notice of Endorsement for Charity Tax Concessions and Financial Report Year Ending 30 June 2017 and 30 June 2016

Due to privacy issues copies of the lease agreements between AHA and tenants were not able to be provided. The rental amount derived is included within the schedule of properties table above.

## **STATUTORY ENVIRONMENT**

Section 6.26 of the *Local Government Act 1995* (the Act) provides broad definitions for rateable and non-rateable land. Moreover, Section 6.26 (2) (g) states that land is not rateable if it is “used exclusively for charitable purposes”.

## **RELEVANT PLANS AND POLICIES**

There are no plans or policies relevant to this matter.

## **FINANCIAL IMPLICATIONS**

Rates levied on the properties totalled \$25,251 for the 2018/19 financial year. Applications for rate exemptions were lodged in July 2018. As such, rate exemptions if granted should be effective 1<sup>st</sup> July 2018, resulting in a \$25,251 reduction to the 2018/2019 rating income and similar amounts for each of the following financial periods.

## **LONG-TERM FINANCIAL PLAN IMPLICATIONS**

There will be no significant implication to the City’s long term financial plan as the rate exemption amounts are not considered large when compared to the overall annual and interim rating income.

While a broader local government issue, there is a concern that a large number of organisations claiming charitable status could result in a long term effect on the City’s rate base into the future. This matter was raised at the recent South West WALGA Zone (SWZ) meeting in Capel on the 23 November 2018. The SWZ has since advocated for clarity and consideration of the impacts of rates exempt properties within the current Local Government Act Review (Phase 2).

## **STRATEGIC COMMUNITY OBJECTIVES**

This matter principally aligns with Key Goal Area 6 of the Strategic Community Plan 2017 and more specifically Community Objective 6.1 - ‘Governance systems, process and practices are responsible, ethical and transparent’.

## **RISK ASSESSMENT**

There are no risks identified of a medium or greater level associated with the Officers recommendation. Having said that, if Council chooses to not approve the applications for rate exemption then staffing and/or legal costs may be incurred if the applicant refers the matter to the State Administrative Tribunal for review of the decision.

## **CONSULTATION**

No consultation was considered necessary in relation to this matter.

## **OFFICER COMMENT**

In accordance with Section 6.26 (2) (g) of the Act land is not rateable if it is used exclusively for charitable purposes. Rate exemption applications need only be considered in two parts – being firstly is the use itself “charitable” and secondly if the use is considered to be charitable, then is the property being used “exclusively” for such use.

In considering the first part, that is, ‘are the operations of AHA considered to be a charitable use’; legal opinions have been consistent in defining a charitable purpose as land used for:

1. The relief of poverty;
2. The advancement of education;
3. The advancement of religion; and
4. Other purposes beneficial to the community.”

The leased properties are being used by AHA for their Community Disability Housing Program (CDHP) and so they are considered to meet the “other purposes beneficial to the community” charitable definition.

In considering the second part, that is, ‘is the property being exclusively used for a charitable purpose’; this criteria is being met due to the properties, while leased from WAHA, being used for providing accommodation for people with disabilities, drug and alcohol issues and mental illness.

There has been no physical inspection of the properties due to their residential purpose and that the tenant would need to be interviewed to determine if they meet the CDHP program. Also it is known that other Councils have obtained legal opinions concluding that services provided by AHA and other CHO’s are considered to be a charitable in nature and therefore eligible for rate exemptions. An in house survey of other Councils within WA reveal that the majority are permitting a rate exemption to AHA.

In terms of the current usage of the properties there are no known planning, health or building compliance issues.

If rate exemptions are approved then the applicant will be instructed to confirm by the 30<sup>th</sup> April annually that the properties continues to be used for the purposes stated in the applications. If a change has occurred and the new use is not eligible for rate exemption then the property will become rateable.

## **CONCLUSION**

It is considered, based on the applications and associated documentation provided by AHA, legal opinions obtained by other Councils, that the properties listed in the “Schedules” are eligible for rate exemption due to their use being exclusive for charitable purposes.

## **OPTIONS**

Council may decline the rate exemption applications on the basis that it considers that the properties leased and/or owned by Access Housing Australia Ltd are not providing a charitable service to the community or that the properties are not being used exclusive use of the property.

Should the applications be declined for either of the above reasons then AHA will have the option to refer the matter to the State Administrative Tribunal for a review of the decision. Such referral will see Council needing to defend its decision and thereby incurring staffing and/or legal costs.

## **TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

The proposed effective date for rate exemptions if approved would be the 1<sup>st</sup> July 2018 due to the applications being lodged in July 2018, prior to the issuance of the 2018/2019 annual rate notice.

**OFFICER RECOMMENDATION**

That the Council:

1. approve Access Housing Australia Ltd rate exemption applications under section 6.26 (2)(g) of the *Local Government Act 1995*, "land used exclusively for charitable purposes", for properties at:
  - a) 66 College Avenue West Busselton;
  - b) 2/3 Elliot Street Busselton;
  - c) 12 Melville Court Busselton;
  - d) 2-6 Whitton Street West Busselton;
  - e) 85 Dorset Street West Busselton;
  - f) 2/176 Kent Street Busselton; and
  - g) 3/176 Kent Street Busselton.effective from the 1<sup>st</sup> July 2018.
2. Agree that this rate exemption is to continue whilst Access Housing Australia Ltd continues to lease and/or own these properties and confirms in writing by the 30<sup>th</sup> April annually of lease continuation and that the properties continue to be used for the purposes stated in the applications.

**COMMITTEE RECOMMENDATION**

**F1901/004** Moved Councillor J McCallum, seconded Councillor P Carter

That the Council:

1. approve Access Housing Australia Ltd rate exemption applications under section 6.26 (2)(g) of the *Local Government Act 1995*, "land used exclusively for charitable purposes", for properties at:
  - a) 66 College Avenue West Busselton;
  - b) 2/3 Elliot Street Busselton;
  - c) 12 Melville Court Busselton;
  - d) 2-6 Whitton Street West Busselton;
  - e) 85 Dorset Street West Busselton;
  - f) 2/176 Kent Street Busselton; and
  - g) 3/176 Kent Street Busselton.effective from the 1<sup>st</sup> July 2018.
2. agree that this rate exemption is to continue whilst Access Housing Australia Ltd continues to lease and/or own these properties and confirms in writing by the 30<sup>th</sup> April annually of lease continuation and that the properties continue to be used for the purposes stated in the applications.
3. agree to write to the Premier and the Ministers for Housing, Local Government and the Western Australian Local Government Association, outlining its concern regarding the alternate approach being undertaken by the State Government to lease their properties to organisations such as Access Housing is having a detrimental impact to the local government's rate base and ability to provide services to the community.

**CARRIED 5/0**

Reason: The Committee was in support of the recommendation including an additional point to include writing to the Premier and the Ministers.

6.4 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 30 NOVEMBER AND 31 DECEMBER 2018

<b>SUBJECT INDEX:</b>	Budget Planning and Reporting
<b>STRATEGIC OBJECTIVE:</b>	Governance systems, process and practices are responsible, ethical and transparent.
<b>BUSINESS UNIT:</b>	Finance and Corporate Services
<b>ACTIVITY UNIT:</b>	Financial Services
<b>REPORTING OFFICER:</b>	Manager Financial Services - Kim Dolzadelli
<b>AUTHORISING OFFICER:</b>	Director Finance and Corporate Services - Tony Nottle
<b>VOTING REQUIREMENT:</b>	Simple Majority
<b>ATTACHMENTS:</b>	Attachment A Statement of Financial Activity - Period Ending 30 November 2018 
	Attachment B Statement of Financial Activity - Period Ending 31 December 2018 
	Attachment C Investment Report - Period Ending 30 November 2018 
	Attachment D Investment Report - Period Ending 31 December 2018 

## PRÉCIS

Pursuant to Section 6.4 of the Local Government Act ('the Act') and Regulation 34(4) of the Local Government (Financial Management) Regulations ('the Regulations'), a local government is to prepare, on a monthly basis, a statement of financial activity that reports on the City's financial performance in relation to its adopted/ amended budget.

This report has been compiled to fulfil the statutory reporting requirements of the Act and associated Regulations, whilst also providing the Council with an overview of the City's financial performance on a year to date basis for the period ending 30 November 2018 and 31 December 2018.

## BACKGROUND

The Regulations detail the form and manner in which financial activity statements are to be presented to the Council on a monthly basis; and are to include the following:

- Annual budget estimates
- Budget estimates to the end of the month in which the statement relates
- Actual amounts of revenue and expenditure to the end of the month in which the statement relates
- Material variances between budget estimates and actual revenue/ expenditure/ (including an explanation of any material variances)
- The net current assets at the end of the month to which the statement relates (including an explanation of the composition of the net current position)

Additionally, and pursuant to Regulation 34(5) of the Regulations, a local government is required to adopt a material variance reporting threshold in each financial year. At its meeting of 25 July 2018, the Council adopted (C1807/138) the following material variance reporting threshold for the 2018/19 financial year:

*"That pursuant to Regulation 34(5) of the Local Government (Financial Management) Regulations, the Council adopts a material variance reporting threshold with respect to financial activity statement reporting for the 2018/19 financial year as follows:*

- *Variances equal to or greater than 10% of the year to date budget amount as detailed in the Income Statement by Nature and Type/ Statement of Financial Activity report, however variances due to timing differences and/or seasonal adjustments are to be reported on a quarterly basis; and*

*Reporting of variances only applies for amounts greater than \$25,000.”*

## **STATUTORY ENVIRONMENT**

Section 6.4 of the Act and Regulation 34 of the Regulations detail the form and manner in which a local government is to prepare financial activity statements.

## **RELEVANT PLANS AND POLICIES**

There are no plans or policies directly relevant to this matter.

## **FINANCIAL IMPLICATIONS**

Any financial implications are detailed within the context of this report.

## **LONG-TERM FINANCIAL PLAN IMPLICATIONS**

Any long term financial implications are detailed within the context of this report.

## **STRATEGIC COMMUNITY OBJECTIVES**

This matter principally aligns with Key Goal Area 6 – ‘Leadership’ and more specifically Community Objective 6.1 - ‘Governance systems, process and practices are responsible, ethical and transparent’.

## **RISK ASSESSMENT**

Risk assessments have been previously completed in relation to a number of ‘higher level’ financial matters, including timely and accurate financial reporting to enable the Council to make fully informed financial decisions. The completion of the monthly Financial Activity Statement report is a control that assists in addressing this risk.

## **CONSULTATION**

Consultation is not applicable in relation to this matter.

## **OFFICER COMMENT**

In order to fulfil statutory reporting requirements, and to provide the Council with a synopsis of the City’s overall financial performance on a full year basis, the following financial reports are attached here to:

- Statement of Financial Activity

This report provides details of the City’s operating revenues and expenditures on a year to date basis, by nature and type (i.e. description). The report has been further extrapolated to include details of non-cash adjustments and capital revenues and expenditures, to identify the City’s net current position; which reconciles with that reflected in the associated Net Current Position report.

▪ Net Current Position

This report provides details of the composition of the net current asset position on a full year basis, and reconciles with the net current position as per the Statement of Financial Activity.

▪ Capital Acquisition Report

This report provides full year budget performance (by line item) in respect of the following capital expenditure activities:

- Land and Buildings
- Plant and Equipment
- Furniture and Equipment
- Infrastructure

▪ Reserve Movements Report

This report provides summary details of transfers to and from reserve funds, and also associated interest earnings on reserve funds, on a full year basis.

Additional reports and/or charts are also provided as required to further supplement the information comprised within the statutory financial reports.

### COMMENTS ON FINANCIAL ACTIVITY TO 31 DECEMBER 2018

Given this report includes the Statement of Financial Activity for the periods ending 30 November 2018 and 31 December 2018 the following commentary is focused on the Statement for the period ending 31 December 2018 which shows a better than expected Net Current Position "Surplus" of \$24.848M being \$12.748M higher than year to date (YTD) budget YTD budget of \$12.099M.

The following summarises the major variances in accordance with *Council's adopted material variance reporting threshold* that collectively make up the above difference:

Description	2018/2019 Actual	2018/2019 Amended Budget YTD	2018/2019 Amended Budget	2018/19 YTD Bud Variance	2018/19 YTD Bud Variance
	\$	\$	\$	%	\$
<b>Revenue from Ordinary Activities</b>					
Other Revenue	357,898	192,531	362,981	85.89%	165,367
<b>Expenses from Ordinary Activities</b>					
Materials & Contracts	(8,258,468)	(9,338,486)	(18,952,210)	11.57%	1,080,018
Utilities (Gas, Electricity, Water etc)	(1,107,273)	(1,284,216)	(2,569,240)	13.78%	176,943
Depreciation on non current assets	(11,137,153)	(9,659,824)	(19,070,922)	-15.29%	(1,477,329)
Insurance Expenses	(713,890)	(580,819)	(698,808)	-22.91%	(133,071)
Other Expenditure	(1,230,086)	(2,368,104)	(4,795,009)	48.06%	1,138,018
<b>Non-Operating Grants, Subsidies and Contributions</b>					
	2,340,437	8,913,706	32,443,772	-73.74%	(6,573,269)
<b>Adjustments for Non-cash Revenue &amp; Expenditure</b>					
Depreciation	11,137,153	9,659,824	19,070,922	-15.29%	1,477,329
Donated Assets	(42,000)	(5,000)	(8,365,000)	-740.00%	(37,000)
(Profit)/Loss on Sale of Assets	(66,166)	(17,114)	(47,560)	-286.62%	(49,052)

<b>Capital Revenue &amp; (Expenditure)</b>					
Land & Buildings	(643,086)	(9,639,598)	(17,902,816)	93.33%	8,996,512
Plant & Equipment	(1,336,380)	(2,955,500)	(6,880,100)	54.78%	1,619,120
Description	2018/2019 Actual	2018/2019 Amended Budget YTD	2018/2019 Amended Budget	2018/19 YTD Bud Variance	2018/19 YTD Bud Variance
Furniture & Equipment	(174,675)	(465,803)	(883,640)	62.50%	291,128
Infrastructure	(9,528,499)	(18,370,980)	(37,380,261)	48.13%	8,842,481
Proceeds from Sale of Assets	541,945	748,350	1,045,950	-27.58%	(206,405)
Proceeds from New Loans	0	1,500,000	3,150,000	-100.00%	(1,500,000)
Transfer to Restricted Assets	(702,383)	(273,996)	(551,000)	-156.35%	(428,387)
Transfer from Restricted Assets	5,002,527	6,285,180	14,423,922	-20.41%	(1,282,653)

### **Revenue from Ordinary Activities:**

YTD actual income from ordinary activities is \$263K more than expected when compared to YTD budget with the only item meeting the material variance reporting threshold being "Other Revenue" which is \$165k better than YTD budget. This variance is due to better than expected returns on sale of scrap metal.

### **Expenses from Ordinary Activities**

Expenditure from ordinary activities, excluding depreciation, is \$2.915M less than expected when compared to YTD budget with the following items meeting the material variance reporting threshold.

### **Materials and Contracts:**

The main items affected are listed below:

Cost Code	Cost Code Description / GL Activity	Variance YTD \$
<b><u>Finance and Corporate Services</u></b>		
10000	Members of Council	(37,046)
10250	Information & Communication Technology Services	(622,978)
10251	Business Systems	(53,031)
10500	Legal and Compliance Services	44,626
<b><u>Community and Commercial Services</u></b>		
10590	Naturaliste Community Centre	41,801
10591	Geographe Leisure Centre	40,606
10600	Busselton Jetty Tourist Park	70,416
10980	Other Law, Order & Public Safety	72,486
<b><u>Planning and Development Services</u></b>		
10830	Environmental Management Administration	92,639
10850	Implement Management Plans Other	31,096
10931	Protective Burning & Firebreaks-Reserves	29,276
11170	Meelup Regional Park	74,520

<b>Engineering and Works Services</b>		
11101	Engineering Services Administration	40,308
11160	Busselton Jetty	391,880
11300	Sanitation Waste Services Administration	29,308
11301	Regional Waste Management Administration	60,000
12620	Rural-Tree Pruning	(107,574)
12621	Urban-Tree Pruning	(6,074)
Various	Bridge Maintenance	62,822
Various	Building Maintenance	121,503
G0010	Domestic Recycling Collections	60,916
G0031	Dunsborough Waste Facility	(40,476)
G0032	Rubbish Sites Development	49,998
G0033	Green Waste	33,718
G0034	External Waste Disposal	37,768
G0042	BTS External Restoration Works	(41,074)
Various	Road Maintenance	(37,837)
Various	Parks, Gardens and Reserves Maintenance	233,960
5280	Transport - Fleet Management	121,677

**Utilities:**

There is an overall variance in utility charges of \$176K; this variance is spread over 358 individual line items with an average variance of only \$494 per item.

**Depreciation:**

There is an overall variance in depreciation of \$1.477M, it should be noted that this is a non-cash item and does not impact on the City's surplus position. The variance can be attributed to the fact that Fair Valuation of infrastructure assets was completed post budget adoption and the increase in valuation was unable to be included in the 2018/2018 budget.

**Insurance:**

There is an YTD variance in insurance costs of \$133K, this is of a timing issue only.

**Other Expenditure:**

There is an YTD variance in other costs of \$1.138M, considered a timing issue only. The main items affected are listed below:

Cost Code	Cost Code Description / GL Activity	Variance YTD
<b>Finance and Corporate Services</b>		
10000	Members of Council	62,662
10151	Rates Administration	39,975
10221	Finance & Borrowing Prog 04	53,361
10227	Finance & Borrowing Prog 11	35,757
10618	Winderlup Court Aged Housing	30,026
10700	Public Relations	34,726

<u>Community and Commercial Services</u>		
10530	Community Services Administration	109,925
10547	Iron Man	94,998
10567	Cinefest Oz	(47,498)
<u>Planning and Development Services</u>		
10942	Bushfire Risk Management Planning - DFES	(39,283)
Cost Code	Cost Code Description / GL Activity	Variance YTD
11156	Airport Development Operations	750,000
<u>Engineering and Works Services</u>		
B1223	Micro Brewery - Public Ablution	60,000
G0042	BTS External Restoration Works	(142,453)

**Non-Operating Grants, Subsidies and Contributions:**

Non-Operating Grants, Subsidies and Contributions are less than YTD budget by \$6.573M with the main items impacting on the above result being the timing of the receipt of funding which is also offset with less than anticipated expenditure at this time:

Cost Code	Cost Code Description	Variance YTD
<u>Finance and Corporate Services</u>		
10239	Contributions - Public Art (Percent for Art)	(673,876)
10240	Contributions - Contribution to Works	(78,713)
-		
<u>Community and Commercial Services</u>		
10900	Cultural Planning - Donated Assets	37,000
C6099	Airport Development - Project Expenses	(5,838,126)
-		
<u>Planning and Development Services</u>		
B9112	Ambergate Bushfire Brigade Shed	(259,656)
-		
<u>Engineering and Works Services</u>		
C0049	Port Geographe Marina Carparking	(85,878)
C3150	Busselton Foreshore Stage 3: Toddler's Playground	(30,504)
C3168	Busselton Foreshore Jetty Precinct	420,769
F1018	Dunsborough Cycleway CBD to Our Lady of the Cape School	(82,502)
S0035	Strelly Street / Barlee Street Roundabout	(30,000)
S0051	Causeway Road / Rosemary Drive Roundabout	(50,002)
S0064	Peel Terrace (Stanley Pl/Cammilleri St Intersection Upgrade)	(33,335)
S0068	Georgiana Molloy Bus Bay Facilities	114,500

**Capital Expenditure**

As at 30 November 2018 and 31 December 2018, there is a variance of -62.83% or -\$19.749M in total capital expenditure with YTD actual at -\$11.682M against a YTD budget of -\$31.431M.

The airport development makes up for \$8.425M, Busselton Tennis Club – Infrastructure \$1.63M, Plant and Equipment \$1.62M, Council Roads Initiative projects \$1.36M, Eastern Link - Busselton Traffic Study \$1.33M, Dunsborough Land Purchase Parking \$1.3M, Main Roads projects \$1.19M, Parks, Gardens and Reserves \$630K, Sanitation Infrastructure \$465K, Beach Restoration \$384K, Busselton Senior Citizens \$373K, Dunsborough Cycleway CBD to Our Lady of the Cape School \$323K, Furniture and Equipment \$291K, Fire Prevention – Land Purchase Biddle Road \$200K, Busselton Jetty Tourist Park Upgrade \$200K, Beach Front Infrastructure \$73K, Footpath Construction \$51K, GLC - Pool Relining \$50K, Energy Efficiency Initiatives (Various Buildings) \$50K, Townscape Construction - \$107K and Major Projects Busselton Foreshore -\$408K.

These items of under expenditure also assists in explaining the above current YTD shortfall in Non-Operating Grants.

The attachments to this report include detailed listings of the following capital expenditure (project) items, to assist in reviewing specific variances.

### **Investment Report**

*Pursuant to the Council's Investment Policy, a report is to be provided to the Council on a monthly basis, detailing the investment portfolio in terms of performance and counterparty percentage exposure of total portfolio. The report is also to provide details of investment income earned against budget, whilst confirming compliance of the portfolio with legislative and policy limits.*

#### **November 2018**

As at 30<sup>th</sup> November 2018 the value of the City's invested funds totalled \$82.96M, down from \$83.40M as at 31<sup>st</sup> October. The decrease is due to the utilisation of Airport Development Funds outweighing an increase in Restricted Assets Funds.

During the month of November three term deposits held with three different institutions totalling \$11.0M matured. All were renewed for a further 151 days at 2.57% (on average).

The balance of the 11am account (an intermediary account which offers immediate access to the funds compared to the term deposits and a higher rate of return compared to the cheque account) increased by \$0.6M.

The balance of the Airport Development ANZ cash account decreased by \$992K as the funds had been utilised on the project.

#### **December 2018**

As at 31<sup>st</sup> December 2018 the value of the City's invested funds totalled \$79.36M, down from \$82.96M as at 30<sup>th</sup> November 2018. The decrease is due to the withdrawal of funds from the 11am account to meet standard operating costs.

During the month of December four term deposits held with two different institutions totalling \$9.5M matured. All were renewed for a further 136 days at 2.57% (on average).

The balance of the 11am account (an intermediary account which offers immediate access to the funds compared to the term deposits and a higher rate of return compared to the cheque account) decreased by \$3.6M with the funds being utilised to meet standard operating costs.

The balance of the Airport Development ANZ cash account remained steady.

The RBA left official rates on hold during November and December. Future movements remain uncertain at this point.

### **Chief Executive Officer – Corporate Credit Card**

Details of monthly (October to December) transactions made on the Chief Executive Officer's corporate credit card are provided below to ensure there is appropriate oversight and awareness of credit card transactions made.

<b>Date</b>	<b>Amount</b>	<b>Payee</b>	<b>Description</b>
29-Oct-18	\$69.02	Geographe Petrol Busselton	Fuel - Fuel Card Missing From Vehicle
05-Nov-18	\$54.05	Geographe Petrol Busselton	Fuel - Fuel Card Missing From Vehicle
29-Oct-18	\$23.50	Equinox Busselton	Soft Opening Adventure Playground
29-Oct-18	\$100.50	Equinox Busselton	Soft Opening Adventure Playground
29-Oct-18	\$78.20	Equinox Busselton	Soft Opening Adventure Playground
05-Nov-18	\$73.40	Albies Bar & Bistro	C. Frewing Farewell Lunch
06-Nov-18	\$20.16	Wilson Parking	Parking – Bsn Airport Meeting Perth
05-Nov-18	\$84.95	JB Hi Fi	Iphone Cover M. Archer
08-Nov-18	\$45.68	ICTC Society	Cr Paine Conference Registration
15-Nov-18	\$1,003.72	Australian Coastal Councils	Cr McCallum Conference Registration
19-Nov-18	\$582.22	Esplanade Hotel	Accommodation Cr Paine ICTC Conference
27-Nov-18	\$3.88	Wilson Parking Deakin	Parking Fee
26-Nov-18	\$40.44	BP Clarendon	Fuel
28-Nov-18	\$17.00	Queens Terrace Cafe	Meals – CEO – RCA Meeting Canberra
28-Nov-18	\$709.80	Maloney's Real Estate	Accommodation – CEO – RCA Meeting Canberra
29-Nov-18	\$13.44	ACT Cabs Phillip	Taxi Fares - CEO – RCA Meeting Canberra
29-Nov-18	\$8.13	ACT Gov. Parking Canberra	Parking Fees – CEO – RCA Meeting Canberra
30-Nov-18	\$52.00	Coles Express Camden	Fuel – CEO – RCA Meeting Canberra
03-Dec-18	\$76.50	The Dock Kingston	Meals – CEO – RCA Meeting Canberra
04-Dec-18	\$37.07	BP Runway Mascot	Fuel – CEO – RCA Meeting Canberra
19-Dec-18	\$3,000.00	Amelia Park	Councillors Christmas Function
27-Dec-18	\$40.00	Tyrepower Busselton	Tyre Repair

*\*Funds debited against CEO Annual Professional Development Allowance as per employment Contract Agreement  
+ Allocated against CEO Hospitality Expenses Allowance*

### **CONCLUSION**

As at 30 November 2018 and 31 December 2018, the City's financial performance is considered satisfactory.

**OPTIONS**

The Statements of Financial Activity are presented in accordance with Section 6.4 of the Act and Regulation 34 of the Regulations and are to be received. Council may wish to make additional resolutions as a result of having received these reports.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

Not Applicable

**COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION****F1901/005**

Moved Councillor P Carter, seconded Councillor J McCallum

That the Council receives the statutory financial activity statement reports for the period ending 30 November 2018 and 31 December 2018, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

**CARRIED 5/0**

## 6.5 LIST OF PAYMENTS MADE NOVEMBER AND DECEMBER 2018

<b>SUBJECT INDEX:</b>	Financial Operations
<b>STRATEGIC OBJECTIVE:</b>	Governance systems, process and practices are responsible, ethical and transparent.
<b>BUSINESS UNIT:</b>	Finance and Corporate Services
<b>ACTIVITY UNIT:</b>	Financial Services
<b>REPORTING OFFICER:</b>	Manager Financial Services - Kim Dolzadelli
<b>AUTHORISING OFFICER:</b>	Director Finance and Corporate Services - Tony Nottle
<b>VOTING REQUIREMENT:</b>	Simple Majority
<b>ATTACHMENTS:</b>	Attachment A List of Payments Period Ending 30 November 2018 
	Attachment B List of Payments Period Ending 31 December 2018 

### PRÉCIS

This report provides details of payments made from the City's bank accounts for the month of November 2018 and December 2018, for noting by the Council and recording in the Council Minutes.

### BACKGROUND

The Local Government (Financial Management) Regulations 1996 (Regulations) require that when the Council has delegated authority to the Chief Executive Officer to make payments from the City's bank accounts, that a list of payments made is prepared each month for presentation to, and noting by, Council.

### STATUTORY ENVIRONMENT

Section 6.10 of the Local Government Act and more specifically, Regulation 13 of the Regulations refer to the requirement for a listing of payments made each month to be presented to the Council.

### RELEVANT PLANS AND POLICIES

Not Applicable.

### FINANCIAL IMPLICATIONS

Not Applicable.

### LONG-TERM FINANCIAL PLAN IMPLICATIONS

Not Applicable.

### STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – 'Leadership' and more specifically Community Objective 6.1 - 'Governance systems, process and practices are responsible, ethical and transparent'.

### RISK ASSESSMENT

Not Applicable.

**CONSULTATION**

Not Applicable.

**OFFICER COMMENT**

In accordance with regular custom, the list of payments made for the month of November and December 2018 is presented for information.

**CONCLUSION**

The list of payments made for the month of November 2018 and December 2018 is presented for information.

**OPTIONS**

Not Applicable.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

Not Applicable.

**COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION**

**F1901/006** Moved Councillor J McCallum, seconded Councillor G Henley

That the Council notes payment of voucher numbers M116321 – M116528, EF061668 – EF062800, T007419 – T007422, and DD003616 – DD003664 together totalling \$13,755,244.10.

**CARRIED 5/0**

## 6.6 BUDGET AMENDMENT REQUEST / REVIEW

<b>SUBJECT INDEX:</b>	Budget Planning and Reporting
<b>STRATEGIC OBJECTIVE:</b>	Governance systems, process and practices are responsible, ethical and transparent.
<b>BUSINESS UNIT:</b>	Finance and Corporate Services
<b>ACTIVITY UNIT:</b>	Finance and Corporate Services
<b>REPORTING OFFICER:</b>	Manager Financial Services - Kim Dolzadelli
<b>AUTHORISING OFFICER:</b>	Director Finance and Corporate Services - Tony Nottle
<b>VOTING REQUIREMENT:</b>	Absolute Majority
<b>ATTACHMENTS:</b>	

### **PRÉCIS**

This report seeks recommendation of the Finance Committee to Council for the approval of budget amendments as detailed in this report. Adoption of the Officers recommendation will result in no change to the City's current amended budgeted surplus position of \$0.

### **BACKGROUND**

Council adopted its 2018/2019 municipal budget on Wednesday, 25 July 2018 with a balanced budget position.

Since this time Council has been advised of certain funding changes that have positively impacted the original budget and Council is now being asked to consider budget amendments for the following key areas/projects:

1. Trial of the Spectur HD5 Shark Warning System
2. Vasse Hall Building Requirements
3. Holiday Homes Compliance Officer

### **STATUTORY ENVIRONMENT**

Section 6.8 of the *Local Government Act 1995* refers to expenditure from the municipal fund that is not included in the annual budget. In the context of this report, where no budget allocation exists, expenditure is not to be incurred until such time as it is authorised in advance, by an absolute majority decision of the Council.

### **RELEVANT PLANS AND POLICIES**

There are multiple plans and policies that support the proposed budget amendments.

### **FINANCIAL IMPLICATIONS**

Budget amendments being sought will result in no change to Council's budget surplus position of \$0.

### **LONG TERM FINANCIAL PLAN IMPLICATIONS**

There are no Long Term Financial Plan implications in relation to this item.

### **STRATEGIC COMMUNITY OBJECTIVES**

This matter principally aligns with Key Goal Area 6 – 'Leadership' and more specifically Community Objective 6.1 - 'Governance systems, process and practices are responsible, ethical and transparent'.

**RISK ASSESSMENT**

There is a risk to the City, as there is with all projects undertaken, that the final cost could exceed budget. If this looks to be the case Council will be notified so a suitable offset / project scope back can be identified.

**CONSULTATION**

No external consultation was considered necessary in relation to the budget amendments.

**OFFICER COMMENT**

The Officer recommends the following requested budget amendments to the Finance Committee for consideration and recommendation to Council.

**1. "Trial of the Spectur HD5 Shark Warning System"**

The Spectur HD5 shark warning system is a solar powered, cloud based system that provides a remotely activated pre-recorded message and flashing lights alerting beach-goers that a shark has been sighted in waters off the beach on which they are visiting. It is a stand-alone, battery and solar powered unit with its own 3G/4G connection to the Cloud.

Recently, the Shire of Augusta Margaret River commenced a three-month trial of two of these units, and, following a recent demonstration of their product to Councillors by Spectur, the City of Busselton has also decided to proceed with a three-month trial of two units at beaches under our care and control, yet to be determined.

**Planned Expenditure Item**

Officers propose to fund the trial from the Council Budget Contingency Surplus.

Officers propose that the 2018/2019 adopted budget be amended to reflect the following funding changes, shown in Table 1.

**Table 1:**

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Proposed Amended Budget</i>
<b>Expenditure</b>				
441-10980-3331-0000	Subscriptions	2,600	3,900	6,500
<b>Income</b>				
100-10001-3680-0000	Budget Surplus Contingency Holding Account	43,698	-3,900	39,798
	<b>Net Total</b>	<b>46,298</b>	<b>0</b>	<b>46,298</b>

## 2. “Vasse Hall Building Requirements”

Urgent, unforeseen rectification works are required to a non-compliant concrete ramp at the rear entrance of the Vasse Hall (B1108) which currently presents as a trip hazard to hall users. A cost estimate has been obtained for the works of \$4,350.

The original allocated budget of \$1,200.00 under 522-B1108-3280-0000 is available for the works, leaving a shortfall of \$3,150.00, which is requested to be allocated from the Building Asset Reserve.

### Planned Expenditure Items

The amendments shown in Table 2 will allow for rectification works to be undertaken.

**Table 2:**

<i>Cost Code</i>	<i>Description</i>	<b>Current Budget</b>	<b>Change</b>	<b>Proposed Amended Budget</b>
B1108	Vasse Hall	1,200	3,150	4,350
Equity	Building Asset Renewal Reserve	1,422,879	-3,150	1,419,729
<b>Net Total</b>		<b>1,424,079</b>	<b>0</b>	<b>1,424,079</b>

## 3. “Holiday Homes Compliance Officer”

During the Council Briefing on 21 November 2018, Council considered the option to employ a Holiday Home Compliance Officer on a fixed term contract for a period of 3 months. This will allow the targeted compliance investigation of holiday homes that are advertising online that have not met the requirements of the Holiday Homes Local Law 2012 and associated Planning requirements.

The Holiday Home Compliance Officer position will consist of two 0.5FTE part time officers and will include work during weekends. The position will commence on 7 January 2019 and conclude on 26 April 2019.

The position will be self-supporting to the extent that an increase in compliance, that is number of registrations completed, will result in the extra revenue required to staff the positions. There will also be an ongoing revenue increase as the registrations will also initiate additional property rates being charged for the newly compliant holiday homes commencing in 2019/20.

### Planned Expenditure Items

Officers propose that the additional expenditure will be drawn from the following accounts as shown in Table 3 below:

**Table 3:**

<i>Cost Code</i>	<i>Description</i>	<b>Current Budget</b>	<b>Change</b>	<b>Proposed Amended Budget</b>
<b>Expenditure</b>				
440-10920-3001-0000	Salaries - Normal	609,800	33,000	642,800
<b>Income</b>				
440-10920-1566-0000	Holiday Home Renewal Fee	-160,000	-33,000	-193,000
<b>Net Total</b>		<b>449,800</b>	<b>0</b>	<b>449,800</b>

**Proposed Outcome**

An increase in holiday homes advertised on online platforms being compliant with the *Holiday Homes Local Law 2012* and registered with the City.

**CONCLUSION**

Council's approval is sought to amend the budget as per the details contained in this report. Upon approval the proposed works will be planned, organised and completed.

**OPTIONS**

The Council could decide not to go ahead with any or all of the proposed budget amendment requests.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

Should the Officer Recommendation be endorsed, the associated budget amendment will be processed within a month of being approved.

**COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION**

**F1901/007** Moved Councillor C Tarbotton , seconded Councillor P Carter

**ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED**

That Council endorse the requested budget amendments outlined in tables 1 to 3 below, resulting in no change to an amended budgeted surplus position of \$0.

**Table 1:**

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Proposed Amended Budget</i>
<b>Expenditure</b>				
441-10980-3331-0000	Subscriptions	2,600	3,900	6,500
<b>Income</b>				
100-10001-3680-0000	Budget Surplus Contingency Holding Account	43,698	-3,900	39,798
	<b>Net Total</b>	<b>46,298</b>	<b>0</b>	<b>46,298</b>

**Table 2:**

<i>Cost Code</i>	<i>Description</i>	<i>Current Budget</i>	<i>Change</i>	<i>Proposed Amended Budget</i>
B1108	Vasse Hall	1,200	3,150	4,350
Equity	Building Asset Renewal Reserve	1,422,879	-3,150	1,419,729
	<b>Net Total</b>	<b>1,424,079</b>	<b>0</b>	<b>1,424,079</b>

Table 3:

<i>Cost Code</i>	<i>Description</i>	<b>Current Budget</b>	<b>Change</b>	<b>Proposed Amended Budget</b>
<b>Expenditure</b>				
440-10920-3001-0000	Salaries - Normal	609,800	33,000	642,800
<b>Income</b>				
440-10920-1566-0000	Holiday Home Renewal Fee	-160,000	-33,000	-193,000
<b>Net Total</b>		<b>449,800</b>	<b>0</b>	<b>449,800</b>

**CARRIED 5/0**

10.39am

*At this time the Manager of Operations Services and the Manager of Major Projects and Facilities entered the meeting.*

## 7. GENERAL DISCUSSION ITEMS

### 7.2 Self Insurance

Cr Carter raised the potential of Self Insurance. The Director of Finance and Corporate Services suggested that the actual figures that the City of Busselton spent on insurance could be distributed. The CEO advised that an exercise to investigate insurance options for workers compensation is currently being carried out by the WARCA organisation. It was agreed that no further action would be taken at this point in time.

### 7.3 Butter Factory

The Manager of Major Projects and Facilities advised the Committee that a report will be provided to Council on 30 January 2019 in the form of a budget amendment to recognise the income and expenditure in relation to the repairs required at the Butter Factory, and the current insurance claim. The Committee were also advised of an estimated cost and some requirements around appointing a "Clerk of Works" as per the insurer's requirements. The Committee was supportive of the proposed course of action, with an agenda item forthcoming to Council.

10.57am *At this time the Manager of Major Projects and Facilities left the meeting.*

### 7.4 Roads 2 Recovery Funding Program Amendment

The Acting Director of Engineering and Works Services and the CEO provided the Committee with a presentation on the proposed roads to recovery program. The Committee was supportive of the proposed program, which essentially condenses the 5 year Roads to recovery funding program on the Narrow Country Seals into the first 2 years. As a result, the CEO will respond to a recent letter from Canberra advising that Councillors would need to submit a request early in January 2019 for special consideration.

### 7.5 WANDRA Funding

The Acting Director of Engineering and Works Services provided details on the proposed program for the WANDRA funding allocation. The Committee was in support of officers presenting a budget amendment report to a future Finance Committee meeting.

11.24am *At this time the Chief Executive Officer left the meeting.*

### 7.6 Finger Jetty Replacement – Port Geographe

The Acting Director of Engineering and Works Services provided details on the proposed budget amendment report for the replacement program. The Committee was in support of officers presenting a budget amendment report to a future Finance Committee meeting.

11.32am *At this time the Chief Executive Officer returned to the meeting.*

11.41am *At this time the Director of Community and Commercial Services entered the meeting.*

### 7.7 John Edward Pavilion

Cr Grant Henley provided details on the updated proposal for the works program for John Edward Pavilion. The Director of Community and Commercial Services provided further details on the proposal. The Committee was in support of officers providing a report to Council for 30 January 2019.

### 7.8 Long Term Financial Plan and Strategic Thinking Workshops

The Chief Executive Officer advised that officers are working on a baseline LTFP and will be conducting workshops in the coming month. Focus will be on strategically considering items already within the plan.

8. **NEXT MEETING DATE**

Thursday, 21 February 2019

9. **CLOSURE**

The meeting closed at 11.53am.

THESE MINUTES CONSISTING OF PAGES 1 TO 38 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 21 FEBRUARY 2019.

DATE: \_\_\_\_\_ PRESIDING MEMBER: \_\_\_\_\_