



Ordinary Council Meeting

LATE ITEMS - SUPPLEMENTARY

Agenda

Wednesday 16 August 2023



Our Vision

Where environment, lifestyle and opportunity meet

Community Aspirations



KEY THEME 1 **Environment**

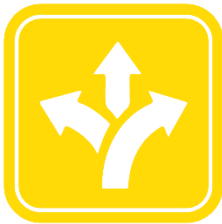
An environment that is valued, conserved and enjoyed by current and future generations.



KEY THEME 2

Lifestyle

A place that is relaxed, safe and friendly, with services and facilities that support positive lifestyles and wellbeing.



KEY THEME 3

Opportunity

A vibrant City with diverse opportunities and a prosperous economy.



KEY THEME 4

Leadership

A Council that connects with the community and is accountable in its decision making.

CITY OF BUSSELTON

Late Items – Supplementary Agenda for the Council Meeting to be held on Wednesday 16 August 2023

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10. REPORTS OF COMMITTEE

10.8 Finance Committee – 09/08/2023 - List of Payments Made - June 2023

Strategic Theme:	Key Theme 4: Leadership 4.2 Deliver governance systems that facilitate open, ethical and transparent decision making. 4.5 Responsibly manage ratepayer funds to provide for community needs now and in the future.
Directorate:	Finance and Corporate Services
Reporting Officer:	Manager Financial Services - Paul Sheridan
Authorised By:	Acting Director Finance and Corporate Services - Sarah Pierson
Nature of Decision:	Noting: The item is simply for information purposes and noting.
Voting Requirements:	Simple Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	1. List of Payments for Council June 2023 [6.1.1 - 12 pages]

This item was considered by the Finance Committee at its meeting held on 09/08/2023, the recommendations from which have been included in this report.

COMMITTEE RECOMMENDATION

That the Council notes payment of voucher numbers for the month of June 2023 as follows:

CHEQUE PAYMENTS	119693 - 119716	35,679.09
ELECTRONIC FUNDS TRANSFER PAYMENTS	95920 - 95948, 95951 - 96518, and 96523 - 96755	9,317,715.26
TRUST ACCOUNT PAYMENTS	EFT# 95949 - 95950 and 96519 - 96522	93,581.34
PAYROLL PAYMENTS	01.06.23 - 30.06.23	1,677,135.13
INTERNAL PAYMENT VOUCHERS	DD# 5314 - 5349	160,545.35
TOTAL PAYMENTS		11,284,656.17

OFFICER RECOMMENDATION

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INTERNAL PAYMENT VOUCHERS	DD# 5314 - 5349	160,545.35
TOTAL PAYMENTS		11,284,656.17

EXECUTIVE SUMMARY

This report provides details of payments made from the City's bank accounts for the month of June 2023 for noting by the Council and recording in the Council Minutes.

STRATEGIC CONTEXT

Provision of the list of payments, while a statutory requirement, also supports open and accountable governance.

BACKGROUND

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

OFFICER COMMENT

In accordance with regular custom, the list of payments made for the month of June 2023 is presented for information.

Statutory Environment

Section 6.10 of the *Local Government Act 1995* 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.

External Stakeholder Consultation

Not applicable.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

Options

Not applicable.

CONCLUSION

The list of payments made for the month of June 2023 is presented for information.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable.

10.9 Finance Committee – 09/08/2023 - Financial Activity Statements - Year to Date 30 June 2023

Strategic Theme:	Key Theme 4: Leadership 4.2 Deliver governance systems that facilitate open, ethical and transparent decision making. 4.5 Responsibly manage ratepayer funds to provide for community needs now and in the future.
Directorate:	Finance and Corporate Services
Reporting Officer:	Manager Financial Services - Paul Sheridan
Authorised By:	Acting Director Finance and Corporate Services - Sarah Pierson
Nature of Decision:	Legislative: adoption of “legislative documents” such as local laws, local planning schemes and local planning policies. Executive: Substantial direction setting, including adopting budgets, strategies, plans and policies (excluding local planning policies); funding, donations and sponsorships; reviewing committee recommendations.
Voting Requirements:	Absolute Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	1. Investment Report - June 2023 [6.2.1 - 1 page] 2. Loan Schedule - June 2023 [6.2.2 - 1 page] 3. Financial Activity Statement - June 2023 [6.2.3 - 18 pages]

This item was considered by the Finance Committee at its meeting held on 09/08/2023, the recommendations from which have been included in this report.

COMMITTEE RECOMMENDATION

That the Council receives the statutory financial activity statement reports for the period ending 30 June 2023, pursuant to Regulation 34(4) of the *Local Government (Financial Management) Regulations 1996*.

OFFICER RECOMMENDATION

That the Council receives the statutory financial activity statement reports for the period ending 30 June 2023, pursuant to Regulation 34(4) of the *Local Government (Financial Management) Regulations 1996*.

EXECUTIVE SUMMARY

Pursuant to Section 6.4 of the *Local Government Act 1995* (the Act) and Regulation 34(4) of the *Local Government (Financial Management) Regulations 1996* (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 June 2023.

STRATEGIC CONTEXT

Provision of the financial activity statements, while a statutory requirement, also supports open and accountable governance.

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 on 3rd August 2022, the Council adopted (C2208/198) the following material variance reporting threshold for the 2022/23 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 2022/23 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 only if not to do so would present an incomplete picture of the financial performance for a particular period; and*
- *Reporting of variances only applies for amounts greater than \$50,000.*

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 year to date basis, the following financial reports are attached hereto:

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 associated interest earnings on reserve funds, on a full year basis.

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

Comments on Financial Activity to 30 June 2023

The Statement of Financial Activity (FAS) for the year to date (YTD) shows an overall Net Current Position of \$1.95M as opposed to the YTD budget of \$432K.

The following table summarises the major YTD variances that appear on the face of the FAS, which, in accordance with Council's adopted material variance reporting threshold, collectively make up the above difference. Each numbered item in this lead table is explained further in the report.

Description	2022/23 Actual YTD \$	2022/23 Amended Budget YTD \$	2022/23 Amended Budget \$	2022/23 YTD Bud Variance %	2022/23 YTD Bud Variance \$	Change in Variance Current Month \$
Revenue from Ordinary Activities				11.32%	9,445,699	265,644
1. Operating Grants, Subsidies and Contributions	8,006,230	3,432,638	3,432,638	133.24%	4,573,592	3,413,635
2. Fees & Charges	22,417,681	19,894,021	19,894,021	12.69%	2,523,660	(3,134,323)
3. Other Revenue	609,996	351,906	351,906	73.34%	258,090	57,519
4. Interest Earnings	4,374,036	2,019,250	2,019,250	116.62%	2,354,786	250,008
Expenses from Ordinary Activities				3.65%	3,511,782	14,970,730
5. Insurance Expenses	(869,528)	(652,369)	(652,369)	(33.29%)	(217,159)	16,544
6. Other Expenditure	(5,841,548)	(7,627,766)	(7,627,766)	23.42%	1,786,218	3,836,054
7. Non-Operating Grants, Subsidies and Contributions	23,460,464	33,439,826	33,439,826	(29.84%)	(9,979,362)	(21,281,519)
Capital Revenue & (Expenditure)			<i>Net</i>	(8.00%)	(3,240,573)	(22,513,979)
8. Land & Buildings	(12,105,402)	(41,671,124)	(41,671,124)	70.95%	29,565,722	26,003,674
Plant & Equipment	(1,968,598)	(4,773,534)	(4,773,534)	58.76%	2,804,936	3,185,831
Furniture & Equipment	(880,755)	(1,152,956)	(1,152,956)	23.61%	272,201	421,184
Infrastructure	(15,187,791)	(24,396,525)	(24,396,525)	37.75%	9,208,734	5,393,317
9. Proceeds from Sale of Assets	604,455	460,652	460,652	31.22%	143,803	203,644
10. Proceeds from New Loans	6,500,000	6,750,000	6,750,000	100.00%	(250,000)	(6,750,000)
11. Advances to Community Groups	0	(250,000)	(250,000)	100.00%	250,000	250,000
12. Transfer to Restricted Assets	(39,871,154)	0	0	(100.00%)	(39,871,154)	(11,267,232)
13. Transfer from Restricted Assets	30,882,623	13,038,048	13,038,048	136.87%	17,844,575	(2,605,185)
14. Transfer to Reserves	(28,923,963)	(24,746,495)	(24,746,495)	(16.88%)	(4,177,468)	(3,303,246)
15. Transfer from Reserves	21,969,123	40,835,585	40,835,585	(46.20%)	(18,866,462)	(33,833,529)

Revenue from Ordinary Activities

In total, revenue from Ordinary Activities is 10.3% or \$8.6M ahead of budget YTD. The material variance items contained within this category, on the face of the FAS, are explained below.

1. Operating Grants, Subsidies and Contributions

Ahead of YTD budget by \$4.6M, or 133.2%, mainly due to the items listed in the table below:

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
<u>Office of the CEO</u>		30,000	185	29,815	16144.3%	30,000
1000	Office of the CEO	30,000	185	29,815	16144.3%	30,000
Actuals represent recognition of grant funding from the Department of Primary Industries & Regional Development for the Southwest Cities Focus program. The grant was spent on the development of an Investment Prospectus report and spatial map by a consultant.						
<u>Finance and Corporate Services</u>		4,066,067	1,495,423	2,570,645	171.9%	2,292,882
1030	Human Resources	42,852	-	42,852	100.0%	2,149
The actuals relate primarily to Workcover wages reimbursement from LGIS. This is not something that can be reliably estimated, hence there is no budget figure for the year.						
1033	Financial Services	185,594	762,687	(577,092)	(75.7%)	185,594
The variance to budget relates to mainly to the PACP Coastal Grants Project, where only \$105K of the \$600K budgeted grant was recognised based on work done. There is also a further \$88K due to Insurance Reimbursements, for which the total budget for the year is an estimate based on prior years, with monthly timing difficult to forecast accurately due to not knowing in advance when insurance claims will need to be made.						
1034	General Purpose Funding	3,595,936	563,576	3,032,360	538.1%	2,840,895
The annual Financial Assistance Grants from the state government are received each year in 4 instalments. At the time of setting the budget, estimates were made based on prior years receipts, incremented by projected LGCI. Final FAGS distributions, finalised after the budget was set, were higher than initially forecast. Also, the entire FAGS distribution for the 23/24 financial year of \$2.8M was prepaid in June. This has been set aside in reserve for use in the 23/24 financial year.						
1036	Information Technology	12,751	2,052	10,699	521.4%	(2,029)
Trainee subsidies received that were not fully budgeted for as it was not known at the time of setting the budget the extent to which trainees would or could be available.						
1038	Records	14,624	-	14,624	100.0%	-
Actuals relate to Parenting Leave Reimbursements which were not budgeted for. These are offset by the actual wages paid to the employee while on parental leave.						
1041	Land and Property Leasing	171,492	123,315	48,177	39.1%	(18,098)
When the budget was created there were no allocations for utility charge reimbursements for certain properties (i.e. the amounts the tenants of the Microbrewery, Interpretive Centre and UWO pay the City to reimburse the City for utility charges were budgeted as \$0). YTD the City has received revenue for reimbursements across those properties which explains most of the exceedance.						
<u>Community and Commercial Services</u>		560,607	396,698	163,909	41.3%	(178,824)
1002	Events and Cultural	53,975	42,607	11,368	26.7%	12,676
Variance relates to an unbudgeted grant for the Saltwater opening production, funded by Dept Local Government, Sport and Cultural Industries.						
1005	Library Services	73,833	44,682	29,151	65.2%	1,858
\$14k is for unbudgeted parenting leave payments, offset in expenses, and \$15k is unbudgeted grant funding contribution towards the Storytime Way program.						

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
1007	Airport Operations	75,810	62,637	13,173	21.0%	70,876
The amended budget of \$59k was originally for the DOT / RADS SAAFMF, \$50k of which we didn't receive due to delays and Fed Govt screener accreditation grant scheme. We received \$50k from MRBTA into this account which is for the BMRA Marketing & Business case fund, and \$21,100 from the Fed Govt screener accreditation grant scheme - this was greater than expected but the grant scheme is based on reimbursement for training and we had additional training costs due to recruitment of new screeners and some reimbursement for utilities.						
1011	Leisure Centres	133,048	17,757	115,291	649.3%	53,632
\$7K relates to unbudgeted Parenting Leave Reimbursements (offset in parental leave wages), \$24K relates to a grant for a JobSkills Trainee that was not budgeted for (also offset by slightly higher wages), and the remainder is in relation to unbudgeted child care grants from the federal government.						
Planning and Development Services		1,142,372	1,166,954	(24,581)	(2.1%)	(161,834)
1043	Planning and Development Directorate Admin	20,008	-	20,008	100.0%	-
This is a final recoup of the Healthy Estuaries grant that was not budgeted.						
1048	Statutory Planning	14,716	4,361	10,356	237.5%	(2,248)
The variance relates to unbudgeted Parenting Leave Reimbursements. These are offset by the actual wages paid to the employee while on parental leave.						
1049	Strategic Planning Management	15,200	-	15,200	100.0%	-
This is the final grant payment as part of the Coastal Adaptation Strategy. It was expected in the 21/22 year, and was therefore not budgeted for in this FY.						
1054/56	Emergency Management	1,013,187	1,081,026	(67,839)	(6.3%)	(84,949)
The variance is related to the BMO position being fully City funded, whereas within the budget it had been assumed 2/3 rd of the costs would be City or AMR funded as per the previous financial year.						
Engineering and Works Services		1,769,846	1,115,209	654,637	58.7%	(105,028)
1015	Operations and Works Management	188,623	71,461	117,162	164.0%	33,194
Actuals and budget relate to Workers Compensation Insurance Reimbursements, which are difficult to predict with any degree of accuracy, and are usually based on historical trends.						
1016	Construction and Maintenance	307,918	-	307,918	100.0%	191,044
Actuals relate to unbudgeted insurance recoveries for Gale Road bridge repairs and maintenance, and reimbursements from RAC for the charging station costs in Busselton and Dunsborough.						
1017	Parks & Gardens	129,671	42,638	87,033	204.1%	(8,780)
Positive variance to budget relates mainly to the Southwest Catchments Council's grants in the Environmental Management area, of \$65K. The rest relates to unbudgeted insurance recoveries, plus an additional amount received from Main Roads for verge maintenance.						
1019	Facilities Maintenance	114,857	-	114,857	100.0%	5,335
The positive variance is due to the allocation of utilities reimbursements from tenants, which were budgeted in a different area. A review of that budget indicates that we are expecting to recover more than expected by year end overall, due to higher actual utility costs.						

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
1020	Engineering Technical Management	14,549	56,323	(41,774)	(74.2%)	(32,173)
The variance in revenue relates to a reduced number of Tourist Information and Directional Signage applications received, as well as non-recognition of coastal protection grants as the inspection and monitoring works have not yet been done.						
1025	Fleet Management	101,786	117,990	(16,204)	(13.7%)	(98,281)
Due to the ATO cutting the excise rate, the fuel rebates have come in less than budget this year.						
1055	Rural Verge and Firebreak Maintenance	72,335	-	72,335	100.0%	72,335
A storm damage claim from the 21/22 financial year was finally accepted and paid in June, that wasn't budgeted for.						

2. Fees & Charges

Ahead of YTD budget by \$2.5M, or 12.7%, mainly due to the items listed in the table below:

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
<u>Finance and Corporate Services</u>		1,086,156	1,375,306	(289,149)	(21.0%)	(432,247)
1034	General Purpose Funding	75,834	87,000	(11,166)	(12.8%)	1,650
Lower than expected property information and settlement/search requests.						
1041	Land and Property Leasing	333,578	640,849	(307,271)	(47.9%)	(451,362)
The variance is primarily as a result of the year end adjustment to the Lease Receivables per AASB 16 amounting to \$238K. The remainder of the variance is due to lease revenue being significantly lower for the Goose Café (rent concession granted by Council during rebuild), Old Tennis Club Building (delays with entering into a lease with new tenant) and Peel Terrace Building (delays with entering into a lease with new tenant after CQU vacated).						
1042	Aged and Community Housing	540,001	517,207	22,794	4.4%	5,303
Income fluctuates depending on financial status of tenants and is difficult to predict accurately.						
<u>Community and Commercial Services</u>		9,512,375	7,508,949	2,003,426	26.7%	(2,851,568)
1001	Community & Commercial Directorate Administration	1,746,751	1,313,120	433,631	33.0%	(22,798)
Significantly ahead of budget YTD due to much higher levels of caravan park visitations than originally forecast.						
1002	Events and Cultural	509	14,660	(14,151)	(96.5%)	(11,910)
The original BPACC budget projected venue bookings in 2022-23, but there were none due to delays with construction. This is somewhat offset by the fact that there was also minimal operational expenses.						

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
1003	Cultural Precinct	45,743	69,645	(23,901)	(34.3%)	(48,497)
<p>The Artgeo budget is under in commercial lease payments due to the extended occupancy of two studios usually available for lease which are being used for staff accommodation and the City's Art Collection whilst BPACC is being constructed. The art award was also not held in this financial year due to not having an art gallery therefore income from exhibition fees is also down.</p> <p>Retail sales were budget higher than previous years due to an expected launch of a retail product line but this has been postponed until Saltwater is up and running (with correlating expenses also reduced).</p>						
1007	Airport Operations	4,606,199	3,245,093	1,361,107	41.9%	(285,447)
Significantly ahead of budget YTD due to much higher levels of visitations than originally forecast, giving rise to increased passenger, landing and car parking fees at the airport.						
1008	Economic and Business Development	59,337	45,760	13,578	29.7%	(13,084)
Hire fees are over YTD and overall in this category it is forecast to be over budget by year end.						
1009	Community and Recreation Management	161,632	139,587	22,045	15.8%	(114,908)
The positive variance is attributed to higher than expected revenues from hires of the City's facilities.						
1011	Leisure Centres	2,810,541	2,606,012	204,529	7.8%	(2,305,566)
The positive variance is largely due to a spike in stadium hire, kiosk income, and swimming pool revenue above what was expected.						
<u>Planning and Development Services</u>		2,661,816	2,411,712	250,104	10.4%	133,313
1046	Building Services	691,488	711,882	(20,394)	(2.9%)	(8,116)
Fees income is determined by the volume and construction costs of building activity. Fee income is budgeted on a best estimate basis, but is inherently uncertain. Building activity has continued at elevated levels, but reduced slightly over the last few months.						
1048	Statutory Planning	917,367	740,566	176,801	23.9%	18,849
Fees income is determined by the volume and value of development activity. Fees income is budgeted on a best estimate basis, but is inherently uncertain. Development activity has continued at elevated levels so far in 22/23.						
1049	Strategic Planning Management	61,827	50,930	10,896	21.4%	(735)
The variance relates to an increase in fees from structure plans and rezoning proposals submitted.						
1051	Environmental Health Services	725,669	627,226	98,443	15.7%	125,781
Fee income varies over the months due to a combination of volume of services required, and bulk processing of some annual fees in May which has led to increased monthly fees in June towards the end of the financial year.						
1054	Ranger and Emergency Management	158,298	178,508	(20,210)	(11.3%)	(1,771)
Principally due to overdue animal registration fees.						
<u>Engineering and Works Services</u>		9,160,427	8,598,054	562,373	6.5%	16,179
1020	Engineering Technical Management	151,370	94,289	57,080	60.5%	(2,206)
The increase in revenue for the Engineering and Technical Management area can directly be attributed to the increase in development. This is specific to the increased number of Traffic Management Plans approved, as well as an increase in Sub-Division Supervision Fees.						

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
1024	Waste and Fleet Management	9,006,513	8,496,378	510,135	6.0%	18,385
Positive variance due to increased revenue from additional rateable properties coming online, as well as Waste Facilities receiving volumes above the forecasted amounts.						

3. Other Revenue

Ahead of YTD budget by \$258K, or 73.3%, mainly due to the items listed in the table below:

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
<u>Finance & Corporate Services</u>		66,124	30,101	36,023	119.7%	(545)
1034	General Purpose Funding	22,137	7,336	14,801	201.8%	-
Timing variance due to budget spread of the ESL admin fees received, and where they were previously allocated. The actual amount received is representative of prior year's ESL administration fees received.						
1037	Customer Service	40,007	20,931	19,076	91.1%	864
This account relates to Cemetery memorials, where there has been higher demand year to date, and the Sale of Number plates which has also had much higher demand than anticipated.						
<u>Community & Commercial Services</u>		50,057	5,232	44,825	856.8%	(2,300)
1007	Airport Operations	37,930	2,000	35,930	1796.5%	71
The City is the airfield representative for ABP and on occasion will process fuel sales on their behalf. The funds are then paid onto ABP. There has been higher activity levels in this area than initially anticipated.						
<u>Planning & Development Services</u>		124,136	113,592	10,545	9.3%	36,029
1053	Regulatory Compliance	67,258	-	67,258	100.0%	38,641
\$22K of this unbudgeted income relates to a Long Service Leave entitlement paid to the City from another Local Government entity, for an employee that had accumulated that entitlement at that other entity, and has now taken the leave. The remainder relates to the recognition of debts owed to the City as a result of successful non-compliance prosecutions.						
1054	Ranger & Emergency Management	40,413	102,408	(61,995)	(60.5%)	(900)
Main variances include:						
<ul style="list-style-type: none"> Fire Prevention DFES – under \$18K: Change in allocation in budget – ESL commission is now allocated to Finance due to the administration of this funding sitting within the responsibilities of this business area. Parking Control – \$25K under: income dependent on number of parking offences. There had been a decrease in scheduled patrols due to staff absences, also fewer patrols and infringements in Dunsborough due to road works resulting in temporary reduction in parking bays. Animal Control – \$15K under: income dependent on number of animal control offences. There has been more of a focus on education, rather than an immediate issuance of infringements. Anecdotally, this emphasis on education has also seen lower actual infringement. 						

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
Engineering & Works Services		351,733	202,981	148,752	73.3%	6,389
1017	Parks & Gardens	39,925	25,073	14,852	59.2%	24,230
Positive variance due to much higher than expected sales of water via the NCC Standpipe facility.						
1024	Waste Management	309,306	177,908	131,397	73.9%	(17,841)
Positive variance due to increased revenue from Waste Facilities receiving volumes above the forecasted amounts.						

4. Interest Earnings

\$2.4M better than YTD budget due to much higher than expected interest rates, plus a higher than forecast cash on hand position in comparison to previous years. This is due mainly to the earlier than forecast application and receipt of the budgeted Saltwater construction project loans cash, and subsequent re-investment in term deposits (due to rising rates), until required for use in the project.

Expenses from Ordinary Activities

Expenditure from ordinary activities is \$3.5M, or 3.6%, less than expected when compared to the budget YTD. The expense line items on the face of the financial statement that have a YTD variance that meet the material reporting threshold are outlined below.

5. Insurance Expenses

The full year budget for all insurance is \$1.32M, split \$652K in Insurance Expenses and \$672K in Employment Costs. Insurance costs that are categorised in the operational nature & type are \$217K over budget YTD. Apart from rising insurance costs globally, the biggest cause for this over spend is the significantly higher than expected asset values, which are used by the insurers in setting premiums, that arose from the organisation wide independent asset revaluation conducted in early 2022.

This is outlined in the table below:

Description	YTD Budget Expenses	YTD Actual Expenses	Variance to YTD Budget
3565 - Art Works Insurance	1,969	8,547	(6,578)
3566 - Building Insurance	140,111	308,288	(168,177)
3568 - Electronic Equipment Insurance	1,298	4,036	(2,738)
3569 - Insurance Excess	0	1,000	(1,000)
3570 - Machinery Breakdown Insurance	796	22,139	(21,343)
3571 - Marine Crafts Insurance	251	1,654	(1,403)
3572 - Motor Vehicle & Plant Insurance	40,127	102,598	(62,471)
3573 - Multi Risk Insurance	21,747	35,989	(14,242)
3575 - Public Liability Insurance	398,824	339,962	58,862

Description	YTD Budget Expenses	YTD Actual Expenses	Variance to YTD Budget
3576 - Other General Insurance Costs	45,948	29,547	16,401
3577 - Cyber Liability	1,298	15,769	(14,471)
Total	652,369	869,528	(217,159)

6. Other Expenditure

\$1.8M, or 23.4%, over the budget YTD. The main contributing items are listed below:

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
Finance and Corporate Services		1,115,253	1,365,359	250,106	18.3%	174,561
1028	Governance and Corporate Services	610,675	862,055	251,379	29.2%	161,350
<p>\$100k of the underspend relates to an incorrect allocation for the You Choose Program which was not run during the financial year. This has been carried over to 2023/2024. The remainder relates to reduced civic events catering and YTD underspends across merchandising and public relation accounts which sit within this cost centre. The Members of Council budget was also underspent in catering (linked to the revised meeting schedule) and conferences and training.</p>						
1030	Human Resources	35,774	23,404	(12,371)	(52.9%)	13,436
<p>The over spend relates to Long Service Leave contributions paid to other LG's (which although are unable to be accurately budgeted, are fully funded from the LSL Reserve).</p>						
1034	General Purpose Funding	104,365	114,210	9,845	8.6%	(982)
<p>The YTD underspend is related to the rating valuations received from Landgate being slightly less than forecast for the year.</p>						
Community and Commercial Services		4,411,389	5,960,310	1,548,921	26.0%	3,625,816
1002	Events & Cultural	88,123	245,229	157,107	64.1%	72,912
<p>The underspend relates mainly to marketing and event attraction activities for BPACC (Saltwater), operations. Spending in these areas has been delayed until there is increased certainty with event organisers to take bookings and the software system to handle payments is implemented. We are also waiting on the outcome of a conference bid and a large funding application which require contribution payments.</p>						
1004	Events	1,108,394	1,227,481	119,087	9.7%	156,899
<p>Many of the reserve funded events that weren't able to proceed will be carried over and re-listed in the 23/24 budget.</p>						
1007	Airport Operations	2,643,578	3,913,678	1,270,100	32.5%	2,874,038
<p>This significant underspend for the year is due to the projected contributions for the Airline Attraction program now not expected to be paid until 2023/24. These are reserve funded, so funds will remain in reserve until such time as the payments are made.</p>						
1008	Economic & Business Development	165,891	195,351	29,460	15.1%	178,196
<p>Cost centre variance can be attributed to the reduction in MRBTA Visitor Servicing by \$26k with the closure of Dunsborough Visitor centre and MRBTA not invoicing for cruise ship visitor servicing of \$5k.</p>						

Cost Centre Code	Cost Centre Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
1009	Community & Recreation Management	335,287	304,536	(30,751)	(10.1%)	296,089
The overspend is due to additional funding through the Community Assistance Program was awarded as a result of an underspend in the Youchoose program. Also there was an overspend of the Busselton Senior Citizen Centre annual grant due to it being under budgeted based on previous actuals, and not the actual grant agreement value.						
1011	Leisure Centres	39,857	52,531	12,674	24.1%	47,060
There were underspends in marketing and advertising across both centres, as there was a decrease in requirements to advertise programs in local newspapers due to a contra deal for radio adverts with Southern Cross Austereo in lieu of advertising signage displayed in the GLC stadium and pool areas.						
Planning and Development Services		84,453	117,900	33,447	28.4%	28,025
1045	Planning Administration Support	-	30,780	30,780	100.0%	-
Funds are for the Busselton & Dunsborough Centres Refurbishment Subsidy Programme. The City has not undertaken an EOI programme this financial year, as a result, no applications for funding assistance have been received.						
Engineering and Works Services		139,393	99,040	(40,353)	(40.7%)	(7,572)
1019	Facilities Maintenance	38,870	18,417	(20,453)	(111.1%)	205
The variance is due to slightly higher ESL levies being paid than was originally budgeted for, as well as the contribution the City pays to MRBTA for our share of the cleaning costs at Railway House, which although was budgeted as net-off against income, is allowed for in the overall operational budget.						
1024	Waste Management	72,536	52,152	(20,384)	(39.1%)	(9,803)
The over spend is due to water cost reimbursements paid to residents in relation to the Rendezvous issue.						

7. Non-Operating Grants, Subsidies & Contributions

The negative variance of \$10M is mainly due to the items in the table below. It should be noted that any negative variance in this area will approximately correlate to an offsetting positive underspend variance in a capital project tied to these funding sources. This can be seen in the section below that outlines the capital expenditure variances.

It should also be noted that during the June month all the various donated assets (POS, roads etc), are recognised in this section. The corresponding spend (non-cash), is included in the relevant asset category.

Revenue Code	Revenue Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
Finance and Corporate Services		75,000	1,063,563	(988,563)	(92.9%)	(988,563)
1029	Governance Services	75,000	-	75,000	100.0%	75,000
1033	Financial Services	-	999,563	(999,563)	(100.0%)	(999,563)
1041	Land and Property Leasing	-	64,000	(64,000)	(100.0%)	(64,000)

Revenue Code	Revenue Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
<u>Community and Commercial Services</u>		2,762,895	1,352,333	1,410,562	104.3%	635,327
1002	Events and Cultural	-	25,568	(25,568)	(100.0%)	(25,568)
1007	Airport Operations	2,206,322	1,326,765	879,557	66.3%	104,322
1009	Community and Recreation Services Management	556,573	-	556,573	100.0%	556,573
<u>Planning and Development Services</u>		203,712	693,416	(489,704)	(70.6%)	(603,812)
1043	Planning and Development Directorate	-	648,024	(648,024)	(100.0%)	(648,024)
1054/56	Ranger & Emergency Services	159,501	-	159,501	100.0%	-
<u>Engineering and Works Services</u>		20,418,856	30,400,479	(9,981,623)	(32.8%)	(19,057,225)
1014	Engineering and Works Directorate	4,648,335	1,158,876	3,489,459	301.1%	2,715,850
1016	Construction and Maintenance	3,315,408	10,110,276	(6,794,868)	(67.2%)	(7,280,711)
1018	Major Projects Management	11,862,190	18,341,682	(6,479,492)	(35.3%)	(15,991,682)
1019	Facilities Maintenance	402,929	548,815	(145,887)	(26.6%)	(428,815)
1020	Engineering Technical Management	45,900	90,830	(44,930)	(49.5%)	(60,830)

8. Capital Expenditure

YTD there is an underspend variance of 58%, or \$41.9M, in total capital expenditure, with YTD actual at \$30.1M against the YTD budget of \$72M. A portion of this positive underspend variance is offset by the negative variances in Non-Operating Grants, Contributions & Subsidies outlined above, with the remainder offset by the negative variances in Transfers From Reserves and Restricted Assets related to funds held aside for these projects. The attachments to this report include detailed listings of all capital expenditure (project) items, however the main areas of YTD variance are summarised as follows:

Project Code	Project Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
<u>Land & Buildings</u>		12,105,402	42,221,124	30,115,722	71%	26,356,524
12847	Purchase Sues Road(C)	-	500,000	500,000	100%	500,000
Officers were unable to reach final agreement for the purchase of the land in FY22/23. Consequently no deposit has been paid. The amount has been relisted for FY23/24.						

Project Code	Project Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
12936	Property Services Administration(C)	-	50,000	50,000	100%	50,000
Budget is for the purpose of miscellaneous capital expenses associated with land transactions. No relevant land transactions occurred in FY22/23.						
Various	Aged Housing Capital Works	92,937	216,823	123,886	57%	106,623
The variance is due to the scale and number of refurbishments year to date being less than what has been allowed for in the budget. Refurbishments generally only occur if a tenant vacates. This means it is very difficult to accurately budget for the timing and quantum of this capital expenditure item.						
Various	BPACC (Saltwater)	10,387,320	36,172,302	25,784,982	71%	25,018,355
Budgets, and timing thereof, for large projects such as Saltwater are very hard to predict with accuracy. The variance of actuals to budget for the construction project is a multi-year timing issue, with predicted cash flows being misaligned due to the significant global supply chain delay issues. The budget for the 23/24 year has been set with carried over elements from the 22/23 year in mind.						
10016	Civic and Administration Centre Minor Upgrades(C)	(0)	35,000	35,000	100%	6,217
Due to contractor availability these funds were expended during the FY. Activities under this project have been included in the list of budget carry-over and re-lists for 23/24.						
10585	BMRA Hangars(C)	-	303,790	303,790	100%	-
This funding was originally to build three hangars however with price escalation, only 2 hangars are likely to be achieved. With current resourcing and lead times for construction the hangars will not be achieved in this financial year. This project will be carried-over & re-listed in next year's budget.						
10589	Airport Construction, Existing Terminal Upgrade(C)	392,407	496,254	103,847	21%	90,356
The terminal departures lounge expansion project has now been completed however the training/ office demountable project and ablution block projects that were projected to come out of this project code have not been completed and works are still to be done.						
10622	Bovell Construction of Change rooms(C)	84,663	72,394	(12,269)	(17%)	-
Project was completed in Dec. 2022, with an expected cost overrun of approximately \$12K.						
10642	Dunsborough Lakes Sporting Precinct- Pavilion/Changeroom F(C)	81,617	1,284,775	1,203,158	94%	(29,464)
The variance is attributable to the Pavilion being re-scoped with the project currently on hold. The City has recently been informed that it has not been successful in securing external State Government grant funding at this time. Existing funds will be carried over and included in 23/24 budget. LRCI phase 2 funding initially identified for this project has been reallocated toward the construction of the carpark and courts, a separate element of the overarching project. The reallocation was required due to the pavilion component being re-scoped and the grant life cycle expiring prior completion of a pavilion. The City has since been successful in securing further funding through the federal governments LRCI Program (phase 4) which has been identified for this project in the 2023/24 budget.						

Project Code	Project Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
10688	Depot Washdown Facility Upgrades(C)	-	76,700	76,700	100%	-
The YTD variance related to infrastructure upgrades to the City's Barlee St. Depot vehicle and plant wash-down bay, whereby new equipment will be purchased to treat and improve post wash-down water quality. RFQ documentation went out to market however no submissions were received. Although there were follow ups with suppliers, this project was not commenced by year end and has been carried over and re-listed in the 23/24 budget.						
10788	GLC Building Improvements(C)	412,670	423,934	11,264	3%	(159,553)
Works for the year have been completed, with a minor underspend against budget.						
10972	Churchill Park Renew Sports Lights(C)	215,392	188,252	(27,140)	(14%)	-
This project is now complete with a \$27k budget overrun. City Officers have endeavoured to offset this overspend against an equivalent underspend or net over and under spends between projects of a like type.						
12428	Re-use shop Busselton Transfer Station(C)	16,899	550,000	533,101	97%	150,000
The high, over-budget tendered price has resulted in the City declining all tender submissions. During a recent briefing session when the councillors were informed of the project status, the direction was to seek a variation from the funding body around a reduced scope of works, involving a smaller footprint and an alternative shop/related infrastructure design. Officers are currently seeking information to present to the funding body's request around a detailed plan, budget and timeline for the modifications. The intention is to still deliver an operational Reuse shop, and the project has been carried over and re-listed in the 23/24 budget.						
12440	Energy Efficiency Initiatives (Various Buildings) (C)	55,068	133,234	78,166	59%	2,504
Although the budget was committed with plans to be expended by the end of the financial year, due to delays from Western Power this budget has been carried over to FY 23/24 along with associated funding.						
12457	Busselton Jetty Tourist Park Upgrade (C)	13,031	45,686	32,655	71%	-
The contractor is unlikely to complete/expend all allocated budget this FY, so a portion of the budget will need to be carried over to 23/24 and works will be planned for the low season.						
12791	Naturaliste Community Centre Fire Indicator Panel Renewal(C)	15,957	30,000	14,043	47%	1,717
Works are complete, with actual costs coming significantly less than anticipated. Unspent funds will remain in reserve.						
12792	Dunsborough Hall - Asbestos Management Allocation (C)	5,670	17,000	11,330	67%	1,417
Works for the year have been completed, with an underspend against budget.						
12793	Bunker Bay Ablution – Improvements(C)	6,720	17,000	10,280	60%	1,417
Works for the year have been completed, with an underspend against budget.						

Project Code	Project Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
12795	Busselton Depot CCTV & Electronic Gate(C)	88,741	105,000	16,259	15%	(54,522)
Works for the year were almost complete, with remaining budget for unfinished works being carried over for completion in the next financial year.						
12796	Depot Training Room (C)	26,000	10,600	(15,400)	(145%)	883
These works were completed, however due to a) additional works required that were not identified until the old roof sheets were removed, b) price escalation of materials and c) increased labour costs the budget was overspent.						
12797	Dunsborough Hall Renewals(C)	9,560	26,746	17,186	64%	2,229
The scope of works was reduced after further consultation with user groups. Unspent funds will remain in reserve.						
12800	Old Courthouse and Jail Cells (C)	17,860	61,000	43,140	71%	5,083
There was some overlap between this project and project 12801 (see below), which will have an over spend.						
12801	Old Police Quarters - Roof Renewal(C)	75,644	60,000	(15,644)	(26%)	5,000
The budget is overspent due to the inclusion of certain elements that overlapped with project 12800 above.						
12804	Airport Terminal Building(C)	14,129	31,787	17,658	56%	7,485
Works for the year have been completed, with an underspend against budget.						
12868	Busselton Jetty Tourist Park - Cabin Replacement/Upgrade (C)	-	205,000	205,000	100%	205,000
Project was not progressed during 22/23 due to competing resources, cabin replacements rolled over into 23/24 FY.						
12869	Busselton Jetty Tourist Park - Renewal Works Park 1 Ablut(C)	17,604	46,120	28,516	62%	28,516
Works for the year have been completed, with an underspend against budget.						
12939	Administration Building- 2-16 Southern Drive(C)	-	15,000	15,000	100%	15,000
These works are being re listed due to supply issues of new zip boilers.						
12940	Depot Building- Busselton((C)	6,412	50,000	43,588	87%	43,588
Works for the year have been completed, with the underspend saving used in project 15088 for Busselton Depot Furniture & Equipment.						
12942	Asbestos Removal & Replacement(C)	14,166	33,000	18,834	57%	(8,456)
No further expenditure is expected, with any unspent funds remaining in reserve.						

Project Code	Project Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
14836	RFDS relocation(C)	-	366,180	366,180	100%	366,180
At the time of construction of the 22/23 budget, the funding and scope of this project was based on location of the new RFDS facility in the Emergency services precinct of the Airport. During the year funding was received so a budget amendment was done to include the project in the budget. However, due to a change of scope (location of RFDS moved to the General Aviation precinct) and increased costs, with the City needing to supplement project funds, project variations needed to be compiled, submitted and approved. This was not able to be completed by year end, so the project was not able to commence. This budget (along with funding), has been carried over and relisted in the 23/24 budget.						
<u>Plant & Equipment</u>		1,968,598	4,773,534	2,804,936	59%	3,185,831
There is a significant underspend due to delays in delivery of plant and equipment currently on order. Supply chains are still recovering from the turmoil of the past three years and will be slow to return to a new normal. There are significant carryovers re-listed in the next budget.						
<u>Furniture & Office Equipment</u>		880,755	1,152,956	272,201	24%	421,184
12876	ICT Services - Equipment & Software Purchases(C)	320,348	594,845	274,497	46%	383,852
About \$180K of the underspend has been carried over and re-listed in the 23/24 budget to cover the IT Equipment lease buy-out and 60 new laptops that were planned as part of the 22/23 budget.						
12878	Naturaliste Community Centre (NCC) - Purchase Office Furn(C)	-	20,000	20,000	100%	20,000
Procurement of the fitness equipment was not able to be actioned prior to year end. This item has been carried over and re-listed in the 23/24 budget.						
14729	Events Furniture & Equipment(C)	252,747	200,000	(52,747)	(26%)	(1,412)
The over spend relates to work invoice for the additional cost of \$50,000 to upgrade the power supply to the new electronic billboard. These extra works were approved by Council (C2208/210), to be funded from the Marketing & Area Promotions Reserve.						
14730	Geographe Leisure Centre Fitness Equipment(C)	-	18,160	18,160	100%	-
Equipment procurement did not proceed this financial year. These funds have remained in reserve, and the project has been re-listed in next years budget.						
14731	Cultural Planning Furniture & Equipment(C)	43,555	78,185	34,630	44%	12,415
The underspend in Cultural Planning is due to a number of projects that were not fully expensed, such as Sculpture by the Bay art prizes (CoB effectively purchases the winners art work), and the Ballarat Room digital interpretation. Unfinished elements of these projects will be carried over and re-listed in the 23/24 budget when they will be completed.						
15088	Busselton Depot Building Furniture & Equipment (C)	32,776	-	(32,776)	(100%)	(32,776)
Savings in project 12940 have been utilised here.						

Project Code	Project Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
<u>Infrastructure</u>		15,187,791	24,396,525	9,208,734	38%	5,393,317
Various	Roads	5,841,495	8,810,900	2,969,405	34%	(162,677)
<p>The \$2.9M YTD variance includes:</p> <ul style="list-style-type: none"> • \$873K Bussell Highway (11199) – Construction commenced 29MAY with forecast completion late July. Budget carried over into 2023/24 Budget. • \$521K Acton Park Road (12824) – Stage complete and under budget. • \$360K Payne Road (12005) – Project postponed until next financial year due to traffic management conflicts with bridge works on Kaloorup Road and reconstruction of North Jindong Road. • \$312K Queen Elizabeth Avenue (12838) – Works complete and under budget. • \$227K Chapman Hill Road (11989) – Project complete and under budget (fully grant funded). • \$239K Commonage Rd – Works complete and under budget. • \$117K Bussell Hwy (12851) – Stage 1 works complete and under budget. • \$102K Ludlow-Hithergreen Rd – Works complete and under budget. • \$80K Wilyabrup Road Resheet (11193) – Balance of works to be carried over into 2023/24 Budget. • \$50K Road Access Seal – Animal Care Facility (14817) – This project has been relisted in the 2023/24 Budget. • \$50K Nuttman Rd (12842) – This project has been relisted in the 2023/24 Budget due to contractor availability. 						
Various	Bridges	450,000	411,000	(39,000)	(9%)	411,000
<p>The budget for Bridge 3381 was not relisted into the 2022/23 Budget from the previous financial year. Works are externally funded. June is also the month where donated capital works on bridges by Main Roads is recognised, however due to issues formulating the 22/3 budget an estimate of these was not included.</p>						
Various	Car Parks	412,938	583,373	170,435	29%	(112,158)
<p>Variance is mainly due to \$133K for Hotel Site 2, with the main carpark complete, but the crossover and final completion won't occur until July due to hotel construction site constraints.</p>						
Various	Footpaths & Cycleways	642,740	1,272,130	629,390	49%	(184,852)
<p>The \$629K YTD variance includes:</p> <ul style="list-style-type: none"> • \$111K Carey Street Footpath Construction (10742) – Stage complete and under budget. • \$100K Townscape Works Busselton (14814) – RFQ being evaluated and project to be relisted next financial year. • \$61K Causeway Road Shared Path (11986) – Construction commenced May with forecast completion in August. • \$70K Coastal Principled Shared Path (12816) – Budget has been carried over into the 2023/24 Budget to offset Causeway Road Shared Path expenditure. • \$58K Kaloorup Road (12818) – Works complete and under budget. • \$54K Busselton CBD Footpath Renewal (10741) – Balance of works to be carried over into next year. • \$45K Buayanup Drain Shared Path – Project complete and under budget. • \$41k Prince Regent Drive (12817) – Works complete and under budget. • \$31K Arnup Drive (10736) – Project complete and under budget. 						

Project Code	Project Code Description	Actual YTD \$	Amended Budget YTD \$	Variance YTD \$	Variance YTD %	Change in Variance Current Month \$
Various	Parks, Gardens & Reserves	4,468,361	6,358,273	1,889,912	30%	869,624
<p>This category comprises 60 projects with a combined budgeted value totalling \$6.36M.</p> <p>The \$1.7M YTD variance includes:</p> <ul style="list-style-type: none"> • \$594K Dunsborough Lakes Sporting Precinct (Stage 1) • \$521K Rotary Park / War Memorial Relocation C (10831) - this project has been relisted in the 2023/24 Budget. • \$150K Mitchell Park Landscape Upgrade Stage 2 (12846) - this project has been relisted in the 2023/24 Budget. • \$117K Sport Oval Lighting - Vasse Ovals (12849) – works in progress, budget for Western Power scope carried into the 2023/24 Budget. • \$178K Meelup Coastal Parking & Landscaping (10613) – this project has been relisted in the 2023/24 Budget. 						
Various	Waste Services Capital Works	1,833,193	4,128,955	2,295,762	56%	4,000,086
<p>\$130K of the underspend variance is attributable to stage 2 of the lined landfill / cell development.</p> <p>A variation from the funding body around modified scope for the Reuse Shop was obtained, with \$275K now listed in the 23/24 budget.</p> <p>Other capital works amounting to \$2M associated with the Rendezvous rd. groundwater contamination were unutilised, but will be ongoing over the next few years.</p>						
Various	Jetty Infrastructure (C)	-	480,632	480,632	100%	23,386
<p>Actual expenditure previously shown related entirely to non-capital works, and has been re-allocated against operational maintenance. Both capital and operations are funded via the Jetty Reserve. Future budgets will be aligned more appropriately according to the nature of the expenditure.</p>						
Various	Drainage	359,379	704,984	345,605	49%	83,706
<p>The \$346K YTD variance includes:</p> <ul style="list-style-type: none"> • \$72K High View – Works complete and under budget. • \$222K North Street – Project to be relisted into next financial year due to contractor availability and seasonal weather. 						
Various	Regional Airport & Industrial Park Infrastructure	1,179,683	1,646,278	466,595	28%	451,579
<p>The total variance is due to an overspend in the Airport Construction Stage 2 including the new carpark and airside operational improvements which are offset by budget allocations for Airport lighting and CCTV projects which have not been completed and will be carried over into the new FY.</p>						

9. Proceeds from Sale of Assets

\$144K better than forecast for the year due to the extremely high demand for second hand vehicles driving sale prices to unprecedented levels.

10. Proceeds from New Loans

There is a YTD variance of \$250K as there were no loan draw downs associated with the budget loans to community groups during the year.

11. Advances to Community Groups

There is a YTD variance of \$250K as there were no applications for self supporting loans by any community groups during the year.

12. Transfer to Restricted Assets

There is an YTD variance in transfers to Restricted Assets of \$40M because there is no budget at all for this item. The transfers are not possible to predict, and are fully reconciled only at year end.

At the time of budgeting it is not possible to predict what grants, contributions or developer bonds will be received, and in what timeframe, nor when they will be spent and hence potentially transferred to Restricted Assets (or unspent portions thereof).

Transfers to restricted assets are offset by the incoming receipt, be it a grant, contribution, subsidy or even loan proceeds, so the net impact on the Net Current Position is always nil (once full reconciliation has occurred at year end).

YTD, loans of \$12.8M were restricted for BPACC (following receipt of grant funds and the final tranche of borrowing), until utilized, as well as \$20.2M in various government grants, plus \$1.4M in Roadwork Bonds, \$633K in BJTP deposits, \$481K in developer contributions and \$4.5M in various other deposits and bonds.

13. Transfer from Restricted Assets

YTD, there has been \$30.9M transferred from Restricted Assets into the Municipal Account, compared to a YTD budget of \$13M. The transfers are usually not possible to predict, and are fully reconciled only at year end. The transfers YTD are attributable to \$5.4M of the BPACC loan funding utilised, \$19.1M of grant money for works completed and reconciled, \$1.5M of Roadwork Bonds returned, \$623K of BJTP deposits utilised or returned, and \$4.3M of various other bonds and deposits returned or utilised.

14. Transfer to Reserves

\$4.2M higher than forecast for the year due to significantly higher interest rates received on invested reserve funds during the year, as well as much higher than predicted revenues received for the Airport.

15. Transfer from Reserves

YTD, there has been \$18.9M less transferred from reserves than budgeted YTD, due to reconciliation of completed reserve funded works at year end revealing that 46.2% of all reserve funded works that were budgeted were not completed by year end.

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.

As at 30th June 2023 the value of the City's invested funds increased to \$112.7M from \$109M as at 31st May 2023. The increase is a result of grant funding and offset against recoups.

As at 30th June 2023 the 11AM (an intermediary account which offers immediate access to the funds compared to the term deposits) account balance is \$16.5M, being an increase of \$4.5M from 31st May 2023. The increase of \$4.5 to the 11am account is due to grant funds received.

During the month of June five term deposits totalling the amount of \$17.5M matured. These were re-invested for a further 310 days at 5.41% on average.

The official cash rate increased by 0.25% during the month of June 2023 to 4.10%. Further movement in the cash rate is currently uncertain. This will effect interest earnings for the City, and future borrowings also.

Borrowings Update

During the month no new loans were drawn, with \$870K in principal and \$408K in interest paid on existing loans. The attached Loan Schedule outlines the status of all existing loans YTD.

Chief Executive Officer – Corporate Credit Card

Details of transactions made on the Chief Executive Officer's corporate credit card during June 2023 are provided below to ensure there is appropriate oversight and awareness.

Date	Payee	Description	\$ Amount
8/06/2023	WEST AUSTRALIAN	DIGITAL SUBSCRIPTION	28.00
14/06/2023	SHELTER BREWING CO	COUNCIL DINNER	518.50
15/06/2023	LAMYSHOP	STATIONERY FOR CEO	58.87
16/06/2023	KITCHEN TAKEOVERS	CEO MORNING TEA- LG AUSTRALASIAN MANAGEMENT CHALLENGE 2023 TEAM	144.00
17/06/2023	COLES EXPRESS VASSE	CEO FUEL	250.99
21/06/2023	JETSTAR CREDIT	REFUND FOR OVERCHARGED CREDIT CARD FEE	-7.57
27/06/2023	WA LOCAL GOVERNMENT ASSOC.	WALGA CONVENTION REGISTRATION- MAYOR HENLEY	1,659.30
26/06/2023	WA LOCAL GOVERNMENT ASSOC.	WALGA CONVENTION 1 DAY REGISTRATION -CEO	648.00
27/06/2023	QANTAS- PER- KTA	FLIGHTS TO ATTEND NATIONAL ECONOMIC DEVELOPMENT CONFERENCE 22- 24 AUGUST 2023 IN KARRATHA- D.DOWDING	999.01
29/06/2023	JETSTAR BQB TO MEL	TOOWOOMBA NATIONAL REGIONAL ECONOMIC DEVELOPMENT SUMMIT 26- 27 JULY 2023- D.DOWDING- NAME CHANGE & RETURN FLIGHT PRICE DIFFERENCE	125.39

Date	Payee	Description	\$ Amount
30/06/2023	JETSTAR MEL-BNE	TOOWOOMBA NATIONAL REGIONAL ECONOMIC DEVELOPMENT SUMMIT 26 - 27 JULY 2023- D.DOWDING	241.68
30/06/2023	QANTAS- TWB TO MEL	TOOWOOMBA NATIONAL REGIONAL ECONOMIC DEVELOPMENT SUMMIT 26 - 27 JULY 2023- D.DOWDING	593.63
30/06/2023	MAILCHIMP	ELECTRONIC NEWSLETTER- PR	376.83
		TOTAL	5,636.63

Donations & Contributions Received

During the month no non-infrastructure asset (bridges, roads, POS etc), donations or contributions were received.

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

The officer recommendation aligns to the following adopted plan or policy:

Plan:

Annual Adopted Budget 2022-2023

[Strategic Community Plan 2021-2031](#)

[Corporate Business Plan 2022-2026](#)

[Long Term Financial Plan 2022/23 - 2031/32](#)

Policy:

There are no relevant policies for this report.

Financial Implications

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

External Stakeholder Consultation

Not applicable.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place.

No risks of a medium or greater level have been identified.

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 by Council. Council may wish to make additional resolutions as a result of having received these reports.

CONCLUSION

As at 30 June 2023, the City's net current position stands at \$1.95M, and cash reserve balances remain sufficient for their purposes.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not Applicable.

10.10 Finance Committee – 09/08/2023 - Rate Exemption - Lamp Inc.

Strategic Theme:	Key Theme 2: Lifestyle 2.2 Work with key partners to facilitate a safe, healthy and capable community.
Directorate:	Finance and Corporate Services
Reporting Officer:	Rates Coordinator - David Nicholson
Authorised By:	Acting Director Finance and Corporate Services - Sarah Pierson
Nature of Decision:	Executive: Substantial direction setting, including adopting budgets, strategies, plans and policies (excluding local planning policies); funding, donations and sponsorships; reviewing committee recommendations.
Voting Requirements:	Simple Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	<ol style="list-style-type: none"> 1. Rate Exemption Application [6.3.1 - 4 pages] 2. Rate Exemption Statutory Declaration [6.3.2 - 2 pages] 3. Rate Exemption Application Covering Letter [6.3.3 - 1 page] 4. Lamp Inc Constitution [6.3.4 - 22 pages] 5. Lamp Inc Annual Report [6.3.5 - 26 pages] 6. Lamp Inc 2021-22 Audited Financial Statements [6.3.6 - 22 pages]

This item was considered by the Finance Committee at its meeting held on 09/08/2023, the recommendations from which have been included in this report.

COMMITTEE RECOMMENDATION

That the Council:

1. Grant rate exemption to Lamp Inc. for 224 Bussell Highway West Busselton, effective from the 27th of June 2023 application date, under section 6.26(2)(d) of the Local Government Act 1995;
2. Agree that this rate exemption is to continue where Lamp Inc. continue to own and use the property as stated in the application at Attachment 1;
3. Continue to advocate, through the South West Zone of WALGA, for a review of Rating Exemptions; and
4. Continue to note in the City's Annual Report the annual total cost to the City of rating exemptions.

OFFICER RECOMMENDATION

That the Council:

1. Grant rate exemption to Lamp Inc. for 224 Bussell Highway West Busselton, effective from the 27th of June 2023 application date, under section 6.26(2)(d) of the *Local Government Act 1995*;

2. Agree that this rate exemption is to continue where Lamp Inc. continue to own and use the property as stated in the application at Attachment 1;
3. Continue to advocate, through the South West Zone of WALGA, for a review of Rating Exemptions; and
4. Continue to note in the City's Annual Report the annual total cost to the City of rating exemptions.

EXECUTIVE SUMMARY

A rate exemption application was received from Lamp Inc. in June 2023 for a property at 224 Bussell Highway, West Busselton (the Property), which was purchased on the 19th August 2022. Based on the application, this report recommends that the application for exemption be granted effectively from the 27th June 2023 in accordance with Section 6.26(2)(d) of the *Local Government Act 1995* (the Act).

STRATEGIC CONTEXT

The granting of rate exemptions is done in accordance with the Act, therefore meeting good governance requirements. Rate exemptions for charitable purposes can also assist to facilitate a safe healthy and capable community.

BACKGROUND

Lamp Inc. is a not-for-profit organisation that is a registered charity with the Australian Charities and Not-for-profits Commission. They purchased the Property to provide mental health services to the community. It is also to be used to provide counselling and support to individuals and their carers/families needing nonclinical help with managing mental health conditions. Lamp Inc. leases 226 Bussell Highway, West Busselton from the Department of Housing to provide similar services and which has been granted rate exemption.

The objects of Lamp Inc. as per their constitution are:

- To promote and maintain the social wellbeing, dignity and autonomy of people with a mental illness, their families, carers and significant others residing in Western Australia.
- To provide individualised support services, encompassing life-skills and lifestyle choice with an aim to improve the quality of life for consumers, their families, carers and significant others.
- To contribute to an increased understanding and acceptance of mental illness by providing education and information to the broader community.
- The property and income of the Association shall be applied solely towards the promotion of the objectives of the Association and no part of that property or income may be paid or otherwise distributed, directly or indirectly, to members, except in good faith in the promotion of those objectives.

Engagement with Western Australian Local Government Association (WALGA)

With respect more broadly to rate exemptions for charitable organisations, following a Council resolution in May 2019, the Mayor raised this issue with the South West Zone of WALGA (SWZ) at its meeting, also in May 2019. The SWZ supported the City of Busselton's view unanimously and resolved as follows:

That the SWZ:

1. *Request that WALGA continue to lobby the State Government to consider the removal of rate exemptions for charitable organisations under the Local Government Act 1995 and that an alternative position may be implementing a rebate similar to the Pensioners and Seniors Rebate Scheme.*

In response to the SWZ's resolution, WALGA advised that the SWZ's position is consistent with the following long-held sector position that:

1. *There is a need to amend the Local Government Act to clarify that Independent Living Units should only be exempt from rates where they qualify under the Commonwealth Aged Care Act 1997; and*
2. *Either:*
 - a. *amend the charitable organisations section of the Local Government Act 1995 to eliminate exemptions for commercial (non-charitable) business activities of charitable organisations; or*
 - b. *establish a compensatory fund for Local Governments, similar to the pensioner discount provisions, if the State Government believes charitable organisations remain exempt from payment of Local Government rates.*

WALGA also added to its submission to the State Government following the consultation on phase 2 of the review of the Act:

Request that a broad review be conducted into the justification and fairness of all rating exemption categories currently prescribed under Section 6.26 of the Local Government Act.

WALGA's advocacy position has not changed in relation to this issue and it continues to push for meaningful legislative change in this area. Until then, however, the current approach to rate exemptions due to charitable purpose remains in place.

OFFICER COMMENT

In accordance with Section 6.26 (2) (g) of the Act, the land is not rateable if it is used exclusively for charitable purposes. Rate exemption applications need to be considered in two parts. The first part is to assess whether the use itself is "charitable" and the second part is to determine whether the property is being used "exclusively" for charitable purposes.

In considering the first part, is 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.

Most of the funding for the services provided by Lamp Inc. comes from NDIS and Mental Health Commission grants. Provision of the 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 i.e., ‘is the property being exclusively used for a charitable purpose’; this criterion is being met as Lamp Inc. owns the property and uses it exclusively to provide mental health services to the community

No physical inspection of the Property has been undertaken based on its known use and the provided statutory declaration (Attachment B), which is considered sufficient.

Statutory Environment

Section 6.26(2)(d) of the Act specifically states that land used exclusively for religious purposes is not rateable.

Relevant Plans and Policies

Not applicable.

Financial Implications

Granting rate exemption effective 27th June 2023 will result in a \$33.67 reduction to the 2022/23 rating income and a \$3,192.60 reduction to the 2023/24 rating income. In future years this represents a lost opportunity for rating income of approximately \$3,192 plus any budgeted increases where the Property continues to be owned and used by Lamp Inc. for the purposes as stated in the rate exemption application.

External Stakeholder Consultation

Not applicable.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City’s risk management framework, with risks assessed taking into account any controls already in place.

No risks of a medium or greater level have been identified.

Options

As an alternative to the proposed recommendation the Council could decline the rate exemption application on the basis that it considers the property to be rateable under the Act. This is not recommended based on the risks associated with declining the application, being that the applicant seeks an administrative review.

CONCLUSION

It is considered that the services provided by Lamp Inc. from 224 Bussell Highway, West Busselton are charitable in nature and would be eligible for rate exemption under section 6.26(2)(d) of the Act.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Milestone	Completion Date
Rate Exemption granted	27 June 2023 (applied retrospectively)