



Finance Committee

Minutes

Wednesday 6 March 2024

CONFIRMED



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.

MINUTES

Minutes of a meeting of the Finance Committee held in the Council Chambers, Administration Building, Southern Drive, Busselton, on Wednesday 6 March 2024 at 9:30 am.

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1 OFFICIAL OPENING

The meeting opened at 9:32am.

The Presiding Member welcomed Councillors, staff, guests and members of the public to the Finance Committee Meeting of 6 March 2024.

The Presiding Member acknowledged the Wadandi and Bibbulmun people as the traditional custodians of this region and paid respects to Elders past and present.

This meeting was audio recorded for minute taking purposes.

2 ATTENDANCE

PRESIDING MEMBER	MEMBERS
Cr Kate Cox	Mayor Phill Cronin
	Cr Val Kaigg
	Cr Jarrod Kennedy

OFFICERS	
Ms Sarah Pierson	Director Corporate Strategy and Performance
Ms Maxine Palmer	Director Economic and Business Development
Mr Oliver Darby	Director Infrastructure and Environment
Mr Paul Sheridan	Manager Financial Services
Ms Jenny May	Manager Airport
Ms Jo Barrett-Lennard	Governance Officer

APOLOGIES	
Cr Jodie Richards	

PUBLIC	
Nil	

3 DISCLOSURES OF INTEREST

DISCLOSURES OF FINANCIAL INTEREST

Nil

DISCLOSURES OF IMPARTIALITY INTEREST

Nil

4 PUBLIC QUESTION TIME

4.1 RESPONSES TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

4.2 QUESTION TIME FOR PUBLIC

Nil

5 CONFIRMATION AND RECEIPT OF MINUTES

5.1 Finance Committee meeting held 7 February 2024

COMMITTEE DECISION

F2403/5 Moved Mayor Phill Cronin, seconded Cr Jarrod Kennedy

That the Minutes of the Finance Committee meeting held 7 February 2024 be confirmed as a true and correct record.

CARRIED 4 / 0

FOR: Mayor Phill Cronin, Cr Kate Cox, Cr Jarrod Kennedy, and Cr Val Kaigg

AGAINST: Nil

6 REPORTS

6.1 2023/24 Mid-Year Budget Review

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:	Corporate Strategy and Performance
Reporting Officer:	Manager Financial Services - Paul Sheridan
Authorised By:	Director Corporate Strategy and Performance - 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:	Absolute Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	<ol style="list-style-type: none"> 1. 23-24 Detailed Mid Year Budget Review by N&T [6.1.1 - 6 pages] 2. Capital Acquisitions & Constructions 23-24 Mid Year Budget Review [6.1.2 - 3 pages] 3. Statement of Financial Activity 23-24 Mid Year Budget Review [6.1.3 - 1 page]

COMMITTEE RECOMMENDATION

F2403/6 Moved Mayor Phill Cronin, seconded Cr Jarrod Kennedy

That the Council, pursuant to Regulation 33A of the Local Government (*Financial Management*) Regulations, adopts the 2023/2024 Annual Mid-Year Budget Review as presented within this report.

CARRIED 4 / 0

FOR: Mayor Phill Cronin, Cr Kate Cox, Cr Jarrod Kennedy, and Cr Val Kaigg

AGAINST: Nil

OFFICER RECOMMENDATION

That the Council, pursuant to Regulation 33A of the Local Government (*Financial Management*) Regulations, adopts the 2023/2024 Annual Mid-Year Budget Review as presented within this report.

EXECUTIVE SUMMARY

Between January and February in each financial year, a local government, in accordance with Regulation 33A of the *Local Government (Financial Management) Regulations*, is to carry out a review of its annual budget for that year. The Council is required to consider the review submitted, and determine (by absolute majority) whether to adopt the review or any recommendations made by 31 March of that financial year.

BACKGROUND

The purpose of an annual budget review is to ensure that a local government conducts a review of its financial performance at an appropriate time in the financial year. This is to identify significant budget variances and recommend remedial action as necessary, prior to the end of the financial year.

This report, based on the City's financial performance for the financial year to date as of 31 December 2023, has been compiled to fulfil the statutory reporting requirements.

OFFICER COMMENT

The budget review process was conducted throughout January and February 2024, via a series of workshop meetings with each of the functional management groups across the organisation.

This review considers several factors including what has occurred during the first six months of the financial year, the likely operating environment over the remaining six months, and the most likely impact on the City's net current position.

The attached Detailed Budget Review Schedule by Nature outlines the estimated variations from the existing amended budget position on a line-by-line basis, showing an estimated total positive net variance to the budgeted net current position of approximately \$1.4M.

A copy of the Financial Activity Statement YTD December 2023 ("FAS"), extracted from the statutory Monthly Financial report as of 31 December 2023, has also been attached. It includes columns that show the summarised net surplus / (deficit) variance totals for each Nature category.

For ease of reference, the net surplus / (deficit) variance totals for each of the affected Nature categories from the FAS are summarised in the table below.

Affected FAS Categories by Nature	Forecast Surplus / (Deficit) Variances to Amended Budget at Year End		Net Impacts Via Reserve	Net Direct Muni Impacts
	\$	%		
Year End Net Current Position Per Amended Budget	(0)			
Operating Activities				
Revenue from Operating Activities				
Rates	20,000	0.03%	-	20,000
Grants, Subsidies and Contributions	(873,365)	(16.40%)	102,196	(975,560)
Fees & Charges	2,003,506	8.94%	2,271,089	(267,584)
Other Revenue	176,448	52.68%	203,000	(26,552)
Interest Earnings	1,500,000	34.84%	800,000	700,000
Profit on Asset Disposals	-	Non cash, no net impact on NCP		
	2,826,589			

Affected FAS Categories by Nature		Forecast Surplus / (Deficit) Variances to Amended Budget at Year End		Net Impacts Via Reserve	Net Direct Muni Impacts
Expenses from Ordinary Activities					
Employee Costs		664,849	1.75%	(49,206)	714,055
Materials & Contracts		1,803,799	6.20%	287,280	1,516,519
Utilities (Gas, Electricity, Water etc)		(594,536)	(19.95%)	-	(594,536)
Depreciation on non current assets		-	Non cash, no net impact on NCP		
Finance Costs		15,909	0.91%	-	15,909
Insurance Expenses		(17,098)	(1.91%)	-	(17,098)
Other Expenditure		382,415	5.60%	141,501	240,914
Allocations		-	Non cash, no net impact on NCP		
Loss on Asset Disposals		-	Non cash, no net impact on NCP		
		2,255,339			
Non-Cash Amounts Excluded from Operating Activities		-	Non cash, no net impact on NCP		
Amount Attributable to Operating Activities		5,081,928			
Investing Activities					
Capital Grants, Subsidies and Contributions		100,000	0.51%	(20,000)	120,000
Land & Buildings	} Per attached Capital Acquisitions & Constructions Report	23,185,876	38.93%	23,185,876	-
Plant & Equipment					
Furniture & Equipment					
Infrastructure					
Proceeds from Sale of Assets		-	-	-	-
Self Supporting Loans - Repayment of Principal		-	-	-	-
Amount Attributable to Investing Activities		23,285,876			
Financing Activities					
Repayment of Borrowings		-	-	-	-
Principal Elements of Finance Lease Payments		-	-	-	-
Proceeds from New Loans		(250,000)	(100.00%)	-	(250,000)
Advances to Community Groups		250,000	100.00%	-	250,000

Affected FAS Categories by Nature		Forecast Surplus / (Deficit) Variances to Amended Budget at Year End		Net Impacts Via Reserve	Net Direct Muni Impacts
Transfer to Restricted Assets	Combined net impact on reserves & restricted transfers	(26,961,735)	(10.93%)	(26,941,735)	(20,000)
Transfer from Restricted Assets					
Transfer to Reserves					
Transfer from Reserves					
Amount Attributable to Financing Activities		(26,961,735)			
Amount Attributable to Operating Activities		5,081,928			
Amount Attributable to Investing Activities		23,285,876			
Amount Attributable to Financing Activities		(26,961,735)			
Forecast Year End Net Current Position - Surplus / (Deficit)		1,406,069		(20,000)	1,426,069

The attached Detailed Mid-Year Budget Review by Nature Report lists the details that make up each of the lines in the table above, however some high-level commentary around the most significant factors contributing to the more material variances in the table above is provided below.

Operating Activities:

Grants, Subsidies and Contributions

The overall forecast negative variance to budget of \$873K mainly relates to:

- Operating Grants & Subsidies **(\$628K)** (reserve impact negative \$219K);
- Prepaid Contributions Utilised **(\$315K)** (reserve impact positive \$315K);
- New contributions \$94K (reserve impact positive \$6K);
- Various Reimbursements (utilities, legal fees, workers comp, insurance) **(\$24K)** (reserve impact positive \$2K);

Variances generally relate to grant funded activities that will not be fully completed in the financial year.

Fees & Charges

Of the \$2M forecast net surplus to budget in Fees and Charges, a net of \$2.3M extra will need to be transferred to reserves (associated with Airport, Waste and Busselton Jetty Tourist Park fees and charges), leaving a negative impact on the municipal account in those areas that are not reserve affected of approximately **(\$268K)**. Identified major variances in this category relate to the following;

- Commercial & Property Leases (\$92K), with a partial offsetting reserve impact of \$7K;
- Planning, development, various compliance and building fees & charges \$324K (included estimated loss of holiday home registration fees of \$300K);
- Cemetery Fees \$100K;
- Leisure Centers \$86K;
- Busselton Jetty Tourist Park \$180K, with an offsetting corresponding reserve impact of \$180K;
- Airport \$1.3M, with an offsetting corresponding reserve impact of \$1.3M;
- Cultural Precinct (\$45K);
- Waste Services \$767K, with an offsetting corresponding reserve impact of \$767K.

Interest Earnings

The rapid increases in interest rates over 2022 and into 2023 were forecast to ease somewhat into the 23/24 financial year. Although they have not risen further, interest rates have remained high, and it is this plus the early draw down and restriction of the borrowings associated with the Saltwater project (to avoid fixing the loans at higher rates), which has resulted in the return on City term deposits to be significantly higher than predicted.

This situation is expected to remain as such for the remainder of the financial year. Current projections are as follows, with the muni impact \$700k positive:

	Budgeted June '24	Projected June '24	Surplus / (Deficit)	Reserve Impact
Total	4,305,492	5,805,492	1,500,000	800,000

Employee Costs

There is an estimated net savings against budget to 30 June of approximately \$665K, with a net negative impact on reserves in certain areas totalling (\$49K) i.e. additional drawn from reserve into muni required brings the underlying net muni impact up to \$714K.

This has been caused predominantly by employment vacancies taking longer to fill in the prevailing strong employment market. Additionally, some budgeted Saltwater and Rural Verge Maintenance positions have not yet been created.

Materials & Contracts

Although this category indicates a potential cost savings to budget in the vicinity of \$1.8M, due to the interaction of various reserves where there would be a resulting lower draw down (e.g. Waste, Airport), this is reduced by \$287K, to a \$1.5M net impact.

There are a range of factors impacting, with some elements also linked to grant funding. In the main, spend is being impacted by workforce and contractor availability.

Utilities

Cost overruns of approximately (\$595K) are expected by year-end that will directly affect the municipal account. The table below outlines the specific areas of utility:

	2023/2024 Budget	2023/2024 Forecast Actual	Forecast Municipal Impact
	\$	\$	\$
Electricity	2,039,814	2,587,900	(548,086)
Gas – Reticulated	1,692	12,932	(11,239)
Gas – LPG Bottled	23,750	37,056	(13,306)
Gas – Alinta Boiler Gas (BJTP)	4,000	-	4,000
Water Consumption	510,527	488,462	22,066
Water Meter Rental & Supply Charge	90,241	7,782	82,459
Water Rates	-	3,700	(3,700)
Sewerage Volume Charges	32,459	82,820	(50,360)
Sewerage Charge (Rates)	78,305	85,481	(7,176)
Office Telephones, Faxes & Internet	100,095	130,826	(30,732)
Public WIFI	46,200	101,130	(54,930)
Mobile Devices Costs	105,731	81,386	24,345
Other Telecommunication & Network Costs	90,255	98,130	(7,875)
			(594,536)

Inflationary factors, particularly in the energy sector, driven by adverse global conditions such as the wars in Ukraine and the Middle East, have continued to have a significant impact.

Other Expenses

There is an estimated net savings against budget to 30 June 2024 of approximately \$382K, with the net positive impact on reserves in certain areas totalling \$141K i.e. amounts not needed to be drawn from reserve into muni, bringing the underlying net muni impact back to \$241K.

The main contributors to the cost savings/underspends in this area are in sponsorships, marketing & promotions for various events related activities of approximately \$332K.

Investing Activities:

Capital Expenditure

The attached schedule of Capital Acquisitions & Construction YTD as of December 2023 has been reviewed in conjunction with officers.

Of the total annual amended budget of \$59.6M, it is estimated that approximately \$22.4M will still be in progress come 30 June 2024, and will need to be carried forward to be re-listed (and/or re-scoped), in the 2024/25 budget.

A summary of the detailed listing of the attached Capital Acquisitions & Constructions Budget Review Report is shown below:

Actual YTD \$	Full Year Budget \$	Full Year Budget Variance YTD \$	Estimated Under / (Over) Spend by YE
Land			
454,545	3,900,000	3,445,455	3,445,455
Buildings			
7,973,247	26,076,325	18,103,078	8,358,155
Plant and Equipment			
547,953	6,078,421	5,530,468	3,000,000
Furniture and Equipment			
135,028	1,510,209	1,375,181	432,267
Roads Infrastructure			
2,760,051	10,093,354	7,326,193	3,000,000
Car Parks Infrastructure			
147,101	534,885	387,784	200,000
Footpaths Infrastructure			
196,735	1,929,587	1,732,852	1,000,000
Parks, Gardens and Reserves			
718,381	7,043,950	6,325,569	3,000,000
Drainage Infrastructure			
100,251	1,104,476	1,004,225	250,000
Regional Airport and Industrial Park			
(5,107)	1,288,278	1,293,385	500,000
<i>Infrastructure Total:</i>			
3,917,412	21,994,529	18,070,008	7,950,000
<i>Grand Total:</i>			
13,028,186	59,559,485	46,524,189	23,185,876

General Commentary

Supply chain factors and the general economic climate both in Australia and internationally has impacted on the City's operations and ability to complete its capital works programs. For example, the continued tightening of the employment market has resulted in difficulties in some areas with staff attraction and retention, also resulting in savings on salaries and wages, and in the ability also to engage contractors. Conversely, supply chain issues and rising fuel and energy prices are increasing costs.

There is no impact on the end of year municipal position as a result of the projected underspends with the capital works program funded from reserves. Components of the unspent capital and operating expenditure budgets are currently being assessed for re-listing in the Council's 2024/25 draft budget, if required.

Statutory Environment

Regulation 33A of the *Local Government (Financial Management) Regulations* is set out below:

Regulation 33A. Review of budget

- (1) *Between 1 January and the last day of February in each financial year a local government is to carry out a review of its annual budget for that year.*
- (2A) *the review of an annual budget for a financial year must –*
 - (a) *Consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
 - (b) *Consider the local government’s financial position as at the date of the review; and*
 - (c) *Review the outcomes for the end of that financial year that are forecast in the budget; and*
 - (d) *Include the following –*
 - (i) *The annual budget adopted by the local government;*
 - (ii) *An update of each of the estimates included in the annual budget;*
 - (iii) *The actual amounts of expenditure, revenue and income as at the date of the review;*
 - (iv) *Adjacent to each item in the annual budget adopted by the local government that states an amount, the estimated end-of-year amount for the item.*
- (2) *The review of an annual budget for a financial year must be submitted to the council on or before 31 March in that year.*
- (3) *A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*
- (4) *Within 14 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.*

**Absolute majority required.*

Relevant Plans and Policies

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

Financial Implications

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

External Stakeholder Consultation

No external stakeholder consultation was required or undertaken in relation to this matter.

Risk Assessment

Risk assessments have been previously completed in relation to several ‘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 Report and this annual mid-year budget review are controls that assist in addressing this risk. No risks of a medium or greater level have been identified associated with the officer recommendation.

Options

As an alternative to the proposed recommendation, the Council could not adopt the budget review report. If Council intends to consider this option, officers can assist in the drafting of a suitable alternative motion for adoption before the statutory due date of 31 March 2024.

CONCLUSION

Despite uncertainty in the current economic climate and the impacts on planned and budgeted works and activities, as of 31 December 2023 the City's overall financial performance is considered satisfactory. Projections resulting from the budget review process indicate a potential positive impact on closing net current position as of 30 June 2024, in the order of approximately \$1.4M, largely a result of higher-than-expected interest earnings and underspends in salaries and wages and materials and contracts.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Officers will inform the Department of the Council's consideration by 31 March 2024.

9:53am: At this time, Mr Darby left the meeting

9:55am: At this time, Mr Darby returned to the meeting.

6.2 Monthly Financial Report - Year to Date 31 January 2024

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:	Corporate Strategy and Performance
Reporting Officer:	Manager Financial Services - Paul Sheridan
Authorised By:	Director Corporate Strategy and Performance – 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:	Simple Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	1. Monthly Financial Report - January 2024 [6.2.1 - 26 pages] 2. Investment Report - January 2024 [6.2.2 - 1 page] 3. Loan Schedule - January 2024 [6.2.3 - 1 page]

COMMITTEE RECOMMENDATION

F2403/7 Moved Cr Jarrod Kennedy, seconded Cr Val Kaigg

That the Council receives the statutory monthly financial report for the period ending 31 January 2024, pursuant to Regulation 34(4) of the *Local Government (Financial Management) Regulations 1996*.

CARRIED 4 / 0

FOR: Mayor Phill Cronin, Cr Kate Cox, Cr Jarrod Kennedy, and Cr Val Kaigg

AGAINST: Nil

OFFICER RECOMMENDATION

That the Council receives the statutory monthly financial report for the period ending 31 January 2024, 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 monthly financial report that reports on the City's Statement of Financial Activity, Statement of Financial Position, and its 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 31 January 2024.

STRATEGIC CONTEXT

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

BACKGROUND

The Regulations detail the form and manner in which the monthly financial report is to be presented to the Council, and is 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); and
- Statement of Financial 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 26 July 2023, the Council adopted (C2305/57) the following material variance reporting thresholds for the 2023/24 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 2023/24 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

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 (Attachment 1):

Statement of Financial Activity

This report provides details of the City's operating revenues and expenditures on a year-to-date basis, by nature (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.

Statement of Financial Position

A statement of financial position is a financial statement that summarises the reporting entities assets (what it owns), liabilities (what it owes), and equity (assets less liabilities) on a particular date.

Basis of Preparation Note (Note 1)

Explains the regulatory framework upon which the financial statements have been prepared.

Statement of Financial Activity Note (Note 2)

Explains the non-cash items that have been excluded from the calculation of the Net Current Position in the Statement of Financial Activity.

Explanation of Material Variances Note (Note 3)

Provides a breakdown by directorate and cost centre of each of the variances on the face of the Statement of Financial Activity that meet Councils adopted material variance threshold for 2023/24.

Net Current Position Summary Report

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

Capital Acquisition & Construction 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

This report outlines the actual and budgeted movement from the start of the financial year to date, that result in the balances listed in the Statement of Financial Position for Property, Plant & Equipment.

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.

Net Current Position Chart

Tracks the net Current Position over the year in comparison to previous 4 years.

Comments on Financial Activity to 31 January 2024

The Statement of Financial Activity (FAS) for the year to date (YTD) shows an overall Net Current Position (NCP) of \$24.8M as opposed to the YTD budget of \$2.8M. 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 note 3 of the attached Monthly Financial Report.

Description	2023/24 Actual YTD \$	2023/24 Budget YTD \$	2023/24 Budget \$	2023/24 YTD Bud Variance %	2023/24 YTD Bud Variance \$	Change in Variance Current Month \$
Amount Attributable to Operating Activities				10.77%	3,979,721	(3,252,430)
Revenue from Operating Activities				4.58%	3,708,618	357,059
1. Grants, Subsidies and Contributions	2,280,728	1,375,701	5,325,685	65.79%	905,027	35,586
2. Other Revenue	351,337	119,468	334,932	194.08%	231,868	101,698
3. Interest Earnings	3,894,515	2,827,113	4,305,492	37.76%	1,067,402	274,781
Expenses from Operating Activities				8.22%	4,865,308	93,885
4. Materials & Contracts	(12,217,594)	(16,840,406)	(29,072,925)	27.45%	4,622,812	386,729
5. Other Expenditure	(2,189,037)	(3,417,761)	(6,823,844)	35.95%	1,228,725	(197,643)
Amount Attributable to Investing Activities				64.78%	12,931,253	(5,366,153)
6. Capital Grants, Subsidies and Contributions	2,726,549	256,211	19,724,075	964.18%	2,470,338	1,251,934
7. Land & Buildings	(9,055,561)	(19,025,575)	(29,976,325)	52.40%	9,970,013	1,313,150
8. Plant & Equipment	(734,989)	(1,808,511)	(6,078,421)	59.36%	1,073,522	304,397

Description	2023/24 Actual YTD \$	2023/24 Budget YTD \$	2023/24 Budget \$	2023/24 YTD Bud Variance %	2023/24 YTD Bud Variance \$	Change in Variance Current Month \$
9. Furniture & Equipment	(166,464)	(925,446)	(1,488,909)	82.01%	758,982	83,712
10. Infrastructure	(5,152,164)	(12,893,341)	(22,015,829)	60.04%	7,741,177	800,549
Amount Attributable to Financing Activities				395.33%	(7,277,041)	(2,150,148)
11. Proceeds from New Loans	0	2,000,000	2,000,000	(100.00%)	(2,000,000)	(250,000)
12. Advances to Community Groups	0	(250,000)	(250,000)	100.00%	250,000	0
13. Transfer to Restricted Assets	(17,992,012)	(8,815,858)	(9,200,455)	(104.09%)	(9,176,154)	(962,673)
14. Transfer from Reserves	27,497,617	23,805,333	60,071,435	15.51%	3,692,284	(82,528)

Investment Report

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

A brief summary of the details contained in the report are as follows:

As at 31 January, the value of the City's invested funds decreased to \$123M from \$125M as at 31 December 2023. The decrease is a result of two term deposits being closed and funds used for standard operational needs.

As at 31 January 2024, the 11am account balance increased to \$10.0M from \$5.0M as funds were transferred from the term deposits.

During the month of January 2024 four term deposits matured. Two were closed with a total of \$7.0M and two were re-invested for a further 173 days at 5.01%.

The official cash rate during the month of January 2024 was 4.35%. Further movement in the cash rate is currently uncertain, although it is expected to stay steady.

Borrowings Update

During the month no new loans were drawn, with \$101K paid off the principal and \$2.7K in interest 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 January 2024 are provided below to ensure there is appropriate oversight and awareness.

Date	Payee	Description	\$ Amount
4/01/2024	SAI GLOBAL	DIGITAL DOWLOAD OF RISK MANAGEMENT GUIDELINES	178.25
9/01/2024	GREEN DEPOT	STAFF BABY CONGRATULATIONS FLOWERS	103.00
9/01/2024	THE EA INSTITUTE	ONLINE TRAINING AI FOR EA'S	597.00
10/01/2024	LAMY SHOP	CEO FOUNTAIN PEN INK CARTRIGES	39.96
16/01/2024	QANTAS	CANBERRA RCA MEETING FEB 2024-MAYOR FLIGHT BOOKING	1,340.44
16/01/2024	QANTAS	CANBERRA RCA MEETING FEB 2024-MAYOR SEAT BOOKING IN	70.00
16/01/2024	QANTAS	CANBERRA RCA MEETING FEB 2024-MAYOR SEAT BOOKING OUT	70.00
16/01/2024	QANTAS	CANBERRA RCA MEETING FEB 2024-CEO FLIGHT BOOKING	1,340.44
16/01/2024	QANTAS	CANBERRA RCA MEETING FEB 2024-CEO SEAT BOOKING IN	70.00
16/01/2024	QANTAS	CANBERRA RCA MEETING FEB 2024-CEO SEAT BOOKING OUT	70.00
18/01/2024	WEST AUSTRALIAN	DIGITAL SUBSCRIPTION-PR	28.00
		TOTAL	4,329.48

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 31 January 2024, the City's net current position stands at \$24.8M, and cash reserve balances remain sufficient for their purposes.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not Applicable.

6.3 List of Payments Made - January 2024

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:	Corporate Strategy and Performance
Reporting Officer:	Manager Financial Services - Paul Sheridan
Authorised By:	Director Corporate Strategy and Performance - 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 January 2024 [6.3.1 - 12 pages]

COMMITTEE RECOMMENDATION

F2403/8 Moved Cr Jarrod Kennedy, seconded Cr Val Kaigg

That the Council notes payment of voucher numbers for the month of January 2024 as follows:

CHEQUE PAYMENTS	119854 - 119888	42,259.34
ELECTRONIC FUNDS TRANSFER PAYMENTS	100371 - 101050	5,804,414.61
TRUST ACCOUNT PAYMENTS	No payments made	-
PAYROLL PAYMENTS	01.01.2024 - 31.01.2024	1,808,289.54
INTERNAL PAYMENT VOUCHERS	DD #5563 - 5595	78,123.68
TOTAL PAYMENTS		7,733,087.17

CARRIED 4 / 0

FOR: Mayor Phill Cronin, Cr Kate Cox, Cr Jarrod Kennedy, and Cr Val Kaigg

AGAINST: Nil

OFFICER RECOMMENDATION

That the Council notes payment of voucher numbers for the month of January 2024 as follows:

CHEQUE PAYMENTS	119854 - 119888	42,259.34
ELECTRONIC FUNDS TRANSFER PAYMENTS	100371 - 101050	5,804,414.61
TRUST ACCOUNT PAYMENTS	No payments made	-
PAYROLL PAYMENTS	01.01.2024 - 31.01.2024	1,808,289.54
INTERNAL PAYMENT VOUCHERS	DD #5563 - 5595	78,123.68
TOTAL PAYMENTS		7,733,087.17

EXECUTIVE SUMMARY

This report provides details of payments made from the City's bank accounts for the month of January 2024 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 January 2024 is presented for information.

Statutory Environment

Section 6.10 of the 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.

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 January 2024 is presented for information.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable.

6.4 Infrastructure and Environment Budget Amendments

Strategic Theme:	Key Theme 4: Leadership 4.5 Responsibly manage ratepayer funds to provide for community needs now and in the future.
Directorate:	Infrastructure and Environment
Reporting Officer:	A/Engineering Management Accountant - Ella McAlister
Authorised By:	Director Infrastructure and Environment - Oliver Darby
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:	Absolute Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	Nil

COMMITTEE RECOMMENDATION

F2403/9 Moved Cr Val Kaigg, seconded Cr Jarrod Kennedy

That the Council endorses the following requested budget amendments:

Amendment Description					
Project Description					
Item #	Budgeted Municipal Net Current Position	Operational Expenditure Budget	Capital Expenditure Budget	Grant	Reserves or Restricted Assets
	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)	(Increase) / Decrease	Increase / (Decrease)
1	Add Grant Revenue to Existing Capital Project				
	Project 14943 – Changing Places Accessible Ablutions (C)				
	-	-	150,000	(150,000)	-
2	Remove Capital Project				
	Project 12331 - Smiths Beach New Public Toilet (C)				
	-	-	(250,000)	-	250,000
3	New Capital Project				
	Project West Busselton Coastal Stabilisation CERMP2223-010				
	-		160,000	(120,000)	(40,000)
4	New Capital Project				
	State Blackspot Program – Chapman Hill Road (C)				
	-	-	48,000	(32,000)	(16,000)
5	Increase Budget to Existing Capital Project				
	Project 12821 - Churchill Park Main Oval Redevelopment (C)				
	-	-	40,880	-	(40,880)

6	Add Budget to Existing Project (C)				
	Project 11034 - Dunsborough Non-Potable Water Network				
	-	-	29,183	-	(29,183)
Totals	-		178,063	(302,000)	123,937

CARRIED 4 / 0
FOR: Mayor Phill Cronin, Cr Kate Cox, Cr Jarrod Kennedy, and Cr Val Kaigg
AGAINST: Nil

OFFICER RECOMMENDATION

That the Council endorses the following requested budget amendments:

Amendment Description					
Project Description					
Item #	Budgeted Municipal Net Current Position	Operational Expenditure Budget	Capital Expenditure Budget	Grant	Reserves or Restricted Assets
	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)	(Increase) / Decrease	Increase / (Decrease)
1	Add Grant Revenue to Existing Capital Project				
	Project 14943 – Changing Places Accessible Ablutions (C)				
	-	-	150,000	(150,000)	-
2	Remove Capital Project				
	Project 12331 - Smiths Beach New Public Toilet (C)				
	-	-	(250,000)	-	250,000
3	New Capital Project				
	Project West Busselton Coastal Stabilisation CERMP2223-010				
	-		160,000	(120,000)	(40,000)
4	New Capital Project				
	State Blackspot Program – Chapman Hill Road (C)				
	-	-	48,000	(32,000)	(16,000)
5	Increase Budget to Existing Capital Project				
	Project 12821 - Churchill Park Main Oval Redevelopment (C)				
	-	-	40,880	-	(40,880)
6	Add Budget to Existing Project (C)				
	Project 11034 - Dunsborough Non-Potable Water Network				
	-	-	29,183	-	(29,183)
Totals	-		178,063	(302,000)	123,937

EXECUTIVE SUMMARY

This report seeks the Council's approval of budget amendments for items within the Infrastructure and Environment Directorate, as detailed in this report. Adoption of this officer recommendation will have no impact on the City's budgeted net current position.

STRATEGIC CONTEXT

The nature of these works is attributed to responsibly managing ratepayer funds to provide for community needs now and in the future, in alignment with Key Theme 4 of the City's Strategic Community Plan – Leadership.

BACKGROUND

In accordance with section 6.8(1) of the *Local Government Act 1995* (the Act), a local government is not to incur expenditure from its Municipal fund for an additional purpose except where the expenditure:

- Is incurred in a financial year before the adoption of the annual budget by the local government; and
- Is authorised in advance by Council resolution – absolute majority required; or
- Is authorised in advance by the Mayor in an emergency.

OFFICER COMMENT

The Council adopted its 2023/24 Municipal budget on 26 July 2023 and since then, officers have identified the following budget items that require adjustments within the Infrastructure and Environment Directorate. It is good management practice to revise the adopted budget when it is known that circumstances have changed. In keeping with this practice, budgets are reviewed on a regular basis.

Amendments to the budget are categorised into the three key types as listed below:

1. Adjustments impacting the budget balance or net position of the City: **Nil**
2. Adjustments with no impact on the budget balance: **Items # 1, 2, 3, 4, 5 and 6**
3. Adjustment to transfer budget between capital and operating undertakings: **Nil**

Item 1 – Changing Places Accessible Ablutions (14943)

The City has been successful in obtaining a Department of Communities Grant of \$150,000 for the above project. The project is to improve access and inclusion for people with disability who require high support and are living in, visiting, or passing through the Busselton area. The notification of the successful grant application was only received at the end of the prior financial year and was therefore not included in the budget process. The Council's approval is sought to incorporate \$150,000 of grant funding revenue which is unaccounted for in the current budget.

With the inclusion of the \$150,000 grant funding, the total project budget will increase to \$250,000, which will enable the City to deliver the required Changing Places Facility according to the Changing Places Design Specifications.

Item 2 – Smiths Beach New Public Toilet (12331)

The Council's approval is sought to remove this project from the 2023/24 budget.

The Smiths Beach New Public Toilet project is included in the current budget with an allocation of \$250,000. Following preliminary scoping of the project and a feasibility study to construct a new toilet block, several site constraints were identified, with adequate water supply being the main hindrance.

The current water supply is at its maximum capacity and until adequate water supply is identified to accommodate the increasing demand and the larger toilet block, the project should not be undertaken. Officers are currently investigating possible solutions to the water supply issue.

Therefore, it is recommended to remove this project from the 2023/24 budget with funds to be returned to the Building Asset Renewal Reserve (1006).

Item 3 – New Project; West Busselton Coastal Stabilisation CERMP2223-010

The City was successful in securing grant funding valued at \$1,070,500 (excluding GST) from the Department of Fire and Emergency Services via the Coastal and Estuarine Risk Mitigation Funding Program (CERMP), necessitating a City contribution of \$373,500. The project total is valued at \$1,444,000. The program's aim is to assist communities to mitigate disasters relating to coastal hazards.

The objective of this infrastructure project is to provide longer term coastal protection to mitigate the impacts of coastal hazards along the coast between King Street and Gale Street in Busselton. This is to be completed by constructing a series of new Geotextile Sand Container (GSC) groynes and sand nourishment. The low-profile groynes will provide stabilisation to the West Busselton coastline and limit the erosion of the established vegetation and potential loss of the coastal road, 10m behind the beach, over 900m of coastline. This technique is widely used by the City along the Geographe Bay foreshore.

The notification of the successful grant application and the finalised project implementation plan was only received at the end of the prior financial year and was therefore not included in the budget process. The project implementation plan outlines delivery milestone with project closure being July 2026.

The Council's approval is sought to incorporate \$120,000 of grant funding revenue and \$40,000 from the Coastal and Climate Adaption Reserve (1016) to commence project planning for design and investigation, an agreed delivery milestone due in July 2024.

Item 4 – 30002068 LRSBS-23-BUS-Chapman Hill Road SLK 0

The City has been successful in obtaining a 2023/24 State Blackspot Grant of \$32,000 for the above Blackspot project, requiring a \$16,000 City contribution. The total project value is \$48,000. The objective of the project is for the installation of an audible edge line to Chapman Hill Road between the Busselton Bypass and Ambergate Road. These works were identified as a cost-effective treatment to address the number of off-carriageway crashes and deliver overall road safety benefits.

Notification of the successful grant application was only received after the 2023/24 budget was adopted. The \$16,000 City contribution is to be sourced through the Road Asset Renewal Reserve (1058).

Item 5 – Churchill Park Main Oval Redevelopment (12821)

This amendment seeks to add \$40,880 to the existing budget of Churchill Park Main Oval Redevelopment Project, to cover additional costs attributed to unforeseen lighting improvements. The required funds can be drawn from the Parks and Gardens Reserve (1049).

Following a lighting assessment in 2020, it was determined that the then existing lighting to the trotting track was at its end of life. A design was undertaken to ensure a minimum of two playing fields were able to be floodlighted to provide training space for grass sports within the Busselton Sub-District, as well as replace the trotting lights with modern LED fittings, to provide a lux level of 50lux to the trotting club. The project was successfully delivered during the 2022/23 financial year.

Subsequently, City officers were approached by the Busselton Trotting Club raising concerns that the respective lighting design was inadequate, providing insufficient lux levels for their requirements. Additional lighting was requested by Busselton Trotting Club to enable the annual races to be televised. Due to the community and club's concerns the request was accommodated, and the lighting lux levels were upgraded to the community and club's satisfaction prior to last year's race meeting.

Item 6 – Dunsborough Non-Potable Water Network

The Stage 1 – Dunsborough Non-Potable Water Network project was completed during the 2022/23 financial year. This amendment seeks to add project budget valued at \$29,183 for an additional licencing condition from the Department of Water and Environment Regulations (DWER), requiring the City to install permanent bore monitoring equipment.

Following successful delivery of the project, DWER amended the licencing agreement which outlined a new legislative requirement to continuously monitor the equipment. Consequently, the bores had to be fitted to include continuous monitoring equipment prior the ability to draw water.

The additional budget can be drawn from the City's Parks and Garden Reserve (1049).

Statutory Environment

Section 6.8 of the Act 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

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

Plan:

[Asset Management Plan](#)

Policy:
[Asset Management](#)

Financial Implications

The following table outlines the financial implications.

Item #	(Increase) / Decrease in Operational Revenue	Increase / (Decrease) in Operational Expenditure	(Increase) / Decrease in Capital Revenue	Increase / (Decrease) in Capital Expenditure	Increase / (Decrease) in Reserves and/or Restricted Assets	Increase / (Decrease) in Net Current Position
Item 1	-	-	(150,000)	150,000	-	-
Item 2	-	-		(250,000)	250,000	-
Item 3	-	-	(120,000)	160,000	(40,000)	-
Item 4	-	-	(32,000)	48,000	(16,000)	-
Item 5	-	-	-	40,880	(40,880)	-
Item 6	-	-	-	29,183	(29,183)	-
TOTALS	-	-	(302,000)	178,063	123,937	-

External Stakeholder Consultation

Nil Required

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 Council could decide not to proceed with any or all the proposed budget amendments requests.

CONCLUSION

The Council's approval is sought to amend the budget as outlined in this report.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The officer recommendation will be implemented in full, or in stages as per the following table:

Milestone	Completion Date
Budget amendments processed	Within one month of the Council's decision

10:08am: At this time, Mr Darby left the meeting.

6.5 Busselton Margaret River Airport Budget Amendment

Strategic Theme:	Key Theme 3: Opportunity 3.4 Develop aviation opportunities at the Busselton Margaret River Airport.
Directorate:	Economic and Business Development
Reporting Officer:	Manager Airport - Jennifer May
Authorised By:	Director Economic and Business Development - Maxine Palmer
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:	Absolute Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	Nil

COMMITTEE RECOMMENDATION

F2403/10 Moved Cr Val Kaigg, seconded Mayor Phill Cronin

That the Council endorse the following requested budget amendment:

Item #	Budgeted Municipal Net Current Position	Operational Expenditure Budget	Capital Expenditure Budget	Grant	Reserves or Restricted Assets
	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)	(Increase) / Decrease	Increase / (Decrease)
1	From the Airport Infrastructure Reserve				
	To new capital project code to be created				
	-	-	40,000	-	(40,000)
2	To SWDC Airport Development Business Case (O) project # 15086				
	-	160,000	-	(127,000)	(33,000)
	-	160,000	40,000	(127,000)	(73,000)
TOTALS	-	160,000	40,000	(127,000)	(73,000)

CARRIED 4 / 0

FOR: Mayor Phill Cronin, Cr Kate Cox, Cr Jarrod Kennedy, and Cr Val Kaigg

AGAINST: Nil

OFFICER RECOMMENDATION

That the Council endorse the following requested budget amendment:

Item #	Budgeted Municipal Net Current Position	Operational Expenditure Budget	Capital Expenditure Budget	Grant	Reserves or Restricted Assets
	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)	(Increase) / Decrease	Increase / (Decrease)
1	From the Airport Infrastructure Reserve				
	To new capital project code to be created				
	-	-	40,000	-	(40,000)
2	To SWDC Airport Development Business Case (O) project # 15086				
	-	160,000	-	(127,000)	(33,000)
TOTALS	-	160,000	40,000	(127,000)	(73,000)

EXECUTIVE SUMMARY

This report seeks the Council's approval of a budget amendment for an item within the Economic and Business Development directorate as detailed in this report. Adoption of the officer recommendation will result in a nil impact on the City's budgeted net current position and will be funded from the Airport Reserve.

STRATEGIC CONTEXT

Sound financial management through considered budgeting supports the responsible management of ratepayer funds to provide for community needs now and in the future.

BACKGROUND

In accordance with section 6.8(1) of the *Local Government Act 1995* (the Act), a local government is not to incur expenditure from its Municipal fund for an additional purpose except where the expenditure:

- Is incurred in a financial year before the adoption of the annual budget by the local government; and
- Is authorised in advance by Council resolution - absolute majority required; or
- Is authorised in advance by the Mayor in an emergency.

OFFICER COMMENT

Council adopted its 2023/2024 Municipal budget on 26 July 2023 with a budget surplus position. Since then, officers have identified budgets that require adjustment within the Airport Services business unit. It is good management practice to revise the adopted budget when it is known that circumstances have changed. In keeping with this practice, budgets are reviewed on a regular basis.

Amendments to the budget are categorised into the three key types as listed below:

1. Adjustments impacting the budget balance or net position of the City; relatively uncommon type.
2. Adjustments with no impact on the budget balance; most common amendment type.
3. Adjustments to transfer budget between capital and operating undertakings; relatively uncommon type.

Item 1 – Set up of new capital account string for purchase of security screening equipment

This amendment seeks the set-up of a new capital project code for the purchase of a single Explosive Trace Detection (ETD) machine.

Currently the City owns two ETD machines, which were purchased December 2019 in preparation for the commencement of regular public transport services. The machines are under service agreements and undergo regular maintenance, however one of the machines located in the checked baggage security (CBS) area can be unreliable, particularly during the winter months when subjected to cold and damp conditions. As an ETD machine is required in the CBS and passenger screening lane for screening activities in accordance with the Aviation Transport Security Regulations (ATSR) and Aviation Screening Notice (ASN), it is proposed to purchase a new ETD machine and maintain one of the existing machines as a contingency machine.

Funds for the purchase of the ETD equipment can be transferred from the Airport Infrastructure Reserve which has a forecast closing balance \$8,688,366.

This amendment requests that \$40,000 be transferred from the Airport Infrastructure reserve to a new capital project code to be created.

Item 2 – Airport Development Business Case (15086)

In early 2023, the City in partnership with the South West Development Commission (SWDC) undertook to prepare a business case to construct a new terminal building at the Busselton Margaret River Airport (BMRA) to be submitted to State and Federal Governments for funding consideration.

In doing so, an expense of \$100,000 was included in the SWDC Business Case project consultancy code (15086-3260) to cover the costs of preparing new Terminal concept designs and quantity surveyor costs. This was funded through a transfer from the Airport Reserve for \$67,000 and an allocation of \$33,000 (15086-1300 Contributions – operating activities) reflecting contributions from surrounding Local Governments.

In parallel, the City was successful in an application for grant funding to the value of \$127,000 to assist with the preparation of the Business Case. The City was notified of the successful application on 1 August 2023 and executed the grant agreement with the Department of Primary Industries and Regional Development on 22 August 2023. As this notification was post the budget adoption, the grant funding of \$127,000 exclusive GST was not included in the 2023/2024 budget.

Further, the total consultancy costs for the business case and the terminal concept design and QS cost estimates were not known at the time of adopting the budget and therefore were not reflected in 2023/2024 budget with a shortfall of \$33,000.

This amendment requests that \$127,000 (operating grant revenue), a credit of \$33,000 transferred from the Airport Reserve and an expense allocation of \$160,000 (consultancy) be listed in SWDC Airport Development Business Case Project code (15086-1007) to reflect the following obligations:

	Revenue	Expenses	Description
1300 – Contributions – Operating Activities	\$33,000		LG contributions
Transfer from Airport Reserve	\$67,000		Included in the 2023/24 Budget
3260 – Consultancy		\$100,000	City contribution to Terminal Design costs and QS cost estimates
Total	\$100,000	\$100,000	
Requesting the following as part of this budget amendment report:			
Operating Grants	\$127,000		DPIRD Grant
Transfer from Airport Reserve	\$33,000		Shortfall for Business case
3260 - Consultancy		\$160,000	Expenditure item for Business Case
Total	\$160,000	\$160,000	

Statutory Environment

Section 6.8 of the Act 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

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

Plan:
BMRA Master Plan 2016-2036

Policy:
Not applicable.

Financial Implications

The table in the officer's recommendation summarises the financial implications:

	(Increase) / Decrease in Operational Revenue	Increase / (Decrease) in Operational Expenditure	(Increase) / Decrease in Capital Revenue	Increase / (Decrease) in Capital Expenditure	Increase / (Decrease) in Reserves and/or Restricted Assets	Increase / (Decrease) in Net Current Position
Item 1	-	-	-	40,000	(40,000)	-
Item 2	(127,000)	160,000	-	-	(33,000)	-
TOTALS	(127,000)	160,000	-	40,000	(73,000)	-

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 decide not to proceed with the proposed budget amendment request.

CONCLUSION

The Council's approval is sought to amend the budget as outlined in this report.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The officer recommendation will be implemented in full, or in stages as per the following table:

Milestone	Completion Date
Budget amendments processed	Within one month of the Council's decision

7 CONFIDENTIAL MATTERS

Nil

8 NEXT MEETING DATE

Wednesday 3 April 2024

9 CLOSURE

The meeting was closed at 10:10am.

The minutes for the Finance Committee meeting held 6 March 2024 were confirmed at a true and correct record on:

Date: 2/4/2024 .

Presiding Member:  .