

ALL INFORMATION AVAILABLE IN
VARIOUS FORMATS ON REQUEST
city@busselton.wa.gov.au

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

CITY OF BUSSELTON

MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 18 JANUARY 2018

TABLE OF CONTENTS

ITEM NO.	SUBJECT	PAGE NO.
1.	DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS.....	2
2.	ATTENDANCE	2
3.	PUBLIC QUESTION TIME.....	2
4.	DISCLOSURE OF INTERESTS	2
5.	CONFIRMATION OF MINUTES	2
5.1	Minutes of the Finance Committee Meeting held 16 November 2017	2
6.	REPORTS	3
6.1	DONATIONS/CONTRIBUTIONS AND SUBSIDIES FUND - NOVEMBER 2017	3
6.2	DONATIONS/CONTRIBUTIONS AND SUBSIDIES FUND - DECEMBER 2017	5
6.4	LIST OF PAYMENTS MADE NOVEMBER & DECEMBER 2017	7
6.3	ASSET MANAGEMENT REPORT.....	9
6.5	FINANCIAL ACTIVITY STATEMENTS - PERIODS ENDING 30 NOVEMBER & 31 DECEMBER 2017	13
6.6	REVIEW OF POLICY 048 - LOANS.....	25
6.7	BUDGET AMENDMENT REQUEST	29
7.	GENERAL DISCUSSION ITEMS	34
8.	NEXT MEETING DATE	34
9.	CLOSURE	34

MINUTES

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COMMITTEE ROOM, ADMINISTRATION BUILDING, SOUTHERN DRIVE, BUSSELTON, ON 18 JANUARY 2018 AT 9.00AM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 9.05am.

2. ATTENDANCE

Presiding Member:

Cr Paul Carter

Members:

Cr Grant Henley Mayor
Cr John McCallum Deputy Mayor
Cr Coralie Tarbotton (arrived at 9.22am)
Cr Robert Reekie
Cr Kelly Hick (Observer arrived at 11.06am)

Officers:

Mr Mike Archer, Chief Executive Officer
Mr Tony Nottle, Director, Finance and Corporate Services
Mr Oliver Darby, Director, Engineering and Works Services (arrive at 9.14am – left at 9.33am)
Mr Paul Needham, Director, Planning and Development Services (arrive at 10.19am – left at 10.45am)
Mr Kim Dolzadelli, Manager, Financial Services
Mr Barrie Naylor, Asset Management Officer (arrive at 9.14am – left at 9.33am)
Mr Anthony Rowe, Manager, Development Services and Policy (arrive at 10.19am – left at 10.45am)
Mr Justin Smith, Design and Survey Coordinator (arrive at 10.28am – left at 10.32am)
Miss Kate Dudley, Administration Officer, Governance

Apologies

Nil

3. PUBLIC QUESTION TIME

Nil

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Finance Committee Meeting held 16 November 2017

COMMITTEE DECISION

F1801/007

Moved Councillor J McCallum, seconded Councillor G Henley

That the Minutes of the Finance Committee Meeting held 16 November 2017 be confirmed as a true and correct record.

CARRIED 4/0

6. REPORTS

6.1 DONATIONS/CONTRIBUTIONS AND SUBSIDIES FUND - NOVEMBER 2017

SUBJECT INDEX:	Donations/Contributions
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Governance Services
ACTIVITY UNIT:	Governance Services
REPORTING OFFICER:	Executive Assistant to Council - Katie Banks
AUTHORISING OFFICER:	Chief Executive Officer - Mike Archer
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

This report provides an overview of the Donations and Contributions that have been allocated, that is considered of relevance to members of the Finance Committee, and also the Council.

FINANCIAL IMPLICATIONS

The annual budget allowance for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$40,000.

- Total expenditure prior to this report is \$10,478.50
- Current Balance Available is \$29,521.50
- In November 2017 there were 7 applications received for sponsorship totalling \$1,800.00
- The balance available for future donations is \$27,721.50

App. No.	Recipient	Purpose	Amount
45/1718	Naturaliste Renewable Energy Group Inc.	Funds to assist with the delivery of a free Community Renewable Energy Toolkit Workshop on 14 November 2017 (Railway House, Busselton)	\$500.00
46/1718	Sarah Hales	Seeking funds to assist with associated travel expenses to sail the 29er sailing Nationals in Brisbane, December 2017. Application not supported as participation is not a result of selection through a formal qualifying process.	\$0.00
47/1718	Dunsborough Arts Society	Holding their annual art exhibition in January 2018 and are seeking funds towards the hall hire and prizes	\$500.00
48/1718	Kai Colman	Seeking funds to assist with associated travel expenses to sail the 29er sailing Nationals in Brisbane, December 2017. Application not supported as participation is not a result of selection through a formal qualifying process.	\$0.00
49/1718	St Mary's Anglican Church	Funds to assist with the purchase of food for the 6th Annual Christmas Day Luncheon for the needy & homeless at St Mary's Family Centre.	\$600.00

App. No.	Recipient	Purpose	Amount
50/1718	Louis Tunstill	Selected to represent WA at the School Sport National Pacific Games in Adelaide as part of the hockey 16's team. Funds to assist with associated travel expenses.	\$200.00
51/1718	Swimming Mermaids	Seeking funding to cover insurance for their open water swim event at Meelup in March 2018. The event is not free of charge; participants are required to pay a \$20 registration fee. Application not supported due to not meeting funding guidelines.	\$0.00

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

F1801/008 Moved Councillor G Henley, seconded Councillor R Reekie

That the donations and sponsorships for the month of November 2017 be noted.

CARRIED 4/0

6.2 DONATIONS/CONTRIBUTIONS AND SUBSIDIES FUND - DECEMBER 2017

SUBJECT INDEX:	Donations/Contributions
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Governance Services
ACTIVITY UNIT:	Governance Services
REPORTING OFFICER:	Executive Assistant to Council - Katie Banks
AUTHORISING OFFICER:	Chief Executive Officer - Mike Archer
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

This report provides an overview of the Donations and Contributions that have been allocated, that is considered of relevance to members of the Finance Committee, and also the Council.

FINANCIAL IMPLICATIONS

The annual budget allowance for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$40,000.

- Total expenditure prior to this report is \$12,278.50
- Current Balance Available is \$27,721.50
- In December 2017 there were 9 applications received for sponsorship totalling \$1,675.19
- The balance available for future donations is \$26,046.31

App. No.	Recipient	Purpose	Amount
52/1718	Busselton Hospice Inc.	Seeking waiver of fees associated with installation of updated signage on Bussell Hwy	\$202.94
53/1718	Ross Rann	Representing WA in the swimming team at the School Sport National Pacific Games in Adelaide. Funds to assist with associated travel expenses.	\$200.00
54/1718	Bunbury Triathlon Club	Seeking funds for traffic and water costs associated with organising the Goose Triathlon Race in Busselton. Application not supported as event entry is only free for Bunbury Tri Club members and therefore does not meet funding guidelines.	\$0.00
55/1718	Connor Dallachy	Representing WA at the Tenpin Bowling Australia Junior National Championships in Melbourne. Funds to assist with associated travel expenses.	\$200.00
56/1718	Legacy's Annual Children's Camp	Fee waiver requested for temporary caravan and camping permit for annual children's camp held at Locke Estate.	\$100.00

App. No.	Recipient	Purpose	Amount
57/1718	Luca Davis	Representing WA in the U 15's men's Basketball team at the Southern Cross Challenge held in Melbourne – January 2018. Funds to assist with associated travel expenses.	\$200.00
58/1718	Disabled Surfer's Association WA - Let's Go Surfing days	Fee waiver requested for the Let's go Surfing Day at Bunker Bay event application.	\$72.25
59/1718	Busselton Ukulele Strummers Inc.	Request for consideration of a Undalup Room hire fee concession venue for the Ukulele concert on 3/3/18 (expecting approx. 200 attendees)	\$500.00
60/1718	Charles Sissoev	Representing WA in the U14's men's basketball team at the Southern Cross challenge in Melbourne - January 2018. Funds to assist with associated travel expenses.	\$200.00

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

F1801/009 Moved Councillor J McCallum, seconded Councillor R Reekie

That the donations and sponsorships for the month of December 2017 be noted.

CARRIED 4/0

6.4 LIST OF PAYMENTS MADE NOVEMBER & DECEMBER 2017

SUBJECT INDEX:	Financial Operations
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A List of Payments November 2017 ⇒ Attachment B List of Payments December 2017 ⇒

9.14am: At this time the Director of Engineering and Works Services and the Asset Management Officer entered the meeting.

9.22am: At this time Cr Coralie Tarbotton entered the meeting.

PRÉCIS

This report provides details of payments made from the City's bank accounts for the months of November and December 2017, for noting by the Council and recording in the Council Minutes.

BACKGROUND

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

STATUTORY ENVIRONMENT

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

RELEVANT PLANS AND POLICIES

NA.

FINANCIAL IMPLICATIONS

NA.

Long-term Financial Plan Implications

STRATEGIC COMMUNITY OBJECTIVES

NA.

RISK ASSESSMENT

NA.

CONSULTATION

NA.

OFFICER COMMENT

In accordance with regular custom, the list of payments made for the months of November and December 2017 is presented for information.

CONCLUSION

NA.

OPTIONS

NA.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

NA.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

F1801/010 Moved Councillor J McCallum, seconded Councillor C Tarbotton

That the Council notes payment of voucher numbers M115015 – M115206, EF055245 – EF056452, T007376 – T007378, and DD003289 – DD003338; together totalling \$19,006,278.32.

CARRIED 5/0

6.3 ASSET MANAGEMENT REPORT

SUBJECT INDEX:

STRATEGIC OBJECTIVE: Road networks that provide for a growing population and the safe movement of all users through the District.

BUSINESS UNIT: Engineering and Facilities Services

ACTIVITY UNIT:

REPORTING OFFICER: Asset Management Officer - Barrie Naylor

AUTHORISING OFFICER: Director, Engineering and Works Services - Oliver Darby

VOTING REQUIREMENT: Simple Majority

ATTACHMENTS: Nil

PRÉCIS

The Purpose of this report is to provide the finance committee with asset management information relevant to the financial management of the City of Busselton. It will outline what the activities are and how they will or may impact the financial management of the City. It is not intended as an exhaustive list of all the asset management undertakings for the period, rather a targeted report detailing issues relevant to the Finance Committee.

Asset Management Report**Updated Roading Infrastructure Asset Data and its Effect on Fair Value****BACKGROUND**

The Fair Value of Council's Infrastructure assets has to be reported every three years and is used to generate sustainability ratios in respect of Councils ability to sustainably manage its asset portfolios. This data was first reported at the end of the 2014/15 financial year and is due a second time at the end of the current 2017/18 financial year.

STATUTORY ENVIRONMENT

Australian Accounting Standards Board AASB13_08_15

All local governments in WA are required to prepare financial statements in accordance with the Local Government Act 1995 (the Act), Local Government (Financial Management) Regulations 1996 (Regulations), AASBs and Australian Interpretations.

RELEVANT DEFINITIONS AND METHODOLOGY

Just what is the fair value of an asset? The Australian Accounting Standards Board, define this as: - an amount at which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction".

Under the fair value measurement approach, assets and liabilities are re-measured periodically to reflect changes in their value, with the resulting change impacting either net income or other comprehensive income for the period. The result is a balance sheet that better reflects the current value of assets and liabilities.

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available.

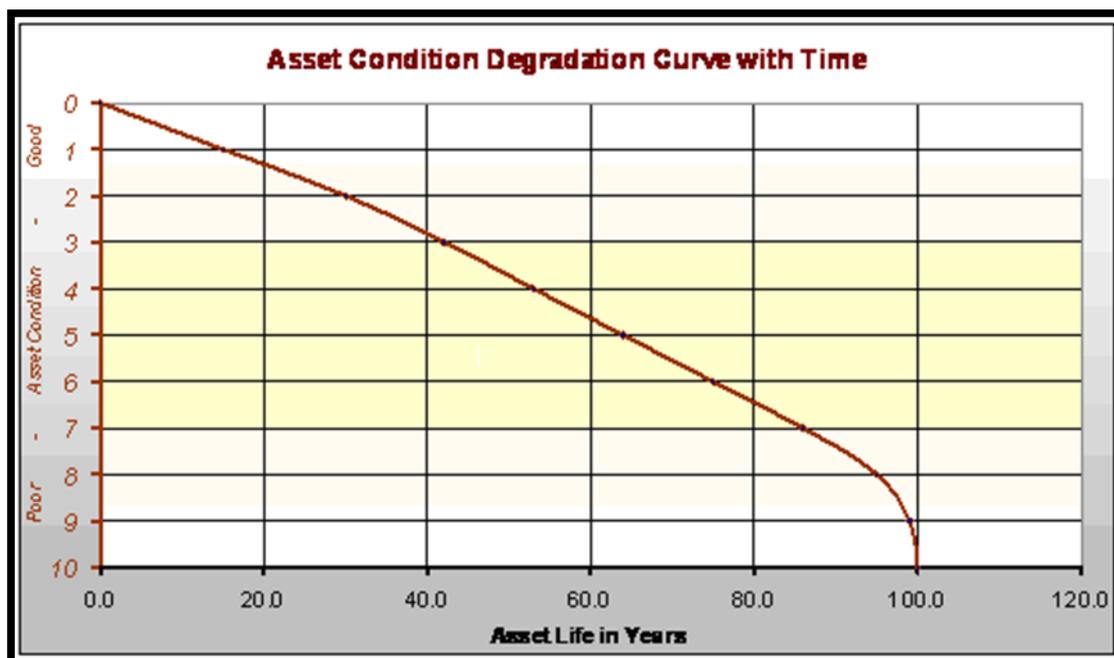
However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

Hence the definition of fair value focuses on assets and liabilities because they are a primary subject of accounting measurement. In addition, this Standard shall be applied to an entity's own equity instruments measured at fair value.

This means that Fair Value will include what is observable in a road section but will exclude unobservable inputs, such as design fees, traffic management costs etc. Consequently each roading element is valued using unit costs for what is observable, e.g. Seal, Pavement, kerbing etc. This generates a figure for an as new condition asset which is then adjusted based upon the assets condition; these adjustments are based on a typical degradation curve such as that shown in chart 1 below.

CHART 1



The minimisation of unobservable cost inputs means that the Fair Value reported, for say a newly constructed road, will not necessarily reflect the full cost to build that road, but rather, just what is on the ground at completion.

The degradation curve shows also that an asset at condition 8 or above has effectively used up the whole of its useful life and will therefore carry little or no fair value.

FINANCIAL IMPLICATIONS

In June 2015 The City reported the Fair Value of roading Infrastructure as follows:-

Sealed Roads \$236,918,949
Unsealed Roads \$15,827,423
Carparks \$8,569,219
Kerbs \$11,059,587
Airport Surfaces \$4,739,892
TOTAL \$277,115,070

To some extent, particularly in the case of unsealed roads, we were estimating the fair value based on sampling, as all the condition inspections, (for unsealed roads), had not been fully completed at the time; and we had not at this stage become detailed enough to include The City's Traffic Management Devices, (TMD'S) e.g. roundabouts, islands, etc. in to the asset portfolio.

Asset Management has now fully completed all its condition inspections and has also now included TMD's in to the roading portfolio.

As at January 2018 the current Fair Value of roading infrastructure is as follows:-

Sealed Roads \$263,596,234
Unsealed Roads \$10,025,443
Carparks \$8,336,308
Kerbs \$13,063,158
Airport Surfaces (projected) \$28,747,702
TMD'S (Infill only) \$3,844,189
TOTAL \$327,613,034 (+\$50,497,964)

Whilst these figures only apply to roading infrastructure, this gives the City some indication of what to expect when we finally declare fair value at the end of this financial year.

Fair Value for roading infrastructure moves on a daily basis as the network changes, factors affecting this value include:-

Donated assets from developments
Addition/construction of new assets, (expansion)
Rehabilitation of existing assets, (renewal)
Changed and improved assets, (Improvement)
Removal of assets (disposal)
Inclusion of newly assessed assets, (e.g. TMD's)
Declining condition in the existing asset portfolio, (depreciation).

Long-term Financial Plan Implications

Prioritised List of Roads

One of the challenging aspects of the integrated planning process has been the scheduling of predicted road renewals as a balanced budget over a period of ten years. In theory, a detailed list of projects over a period of ten years (balanced to a budget each year) is a valuable planning tool; in reality it is extremely difficult to manage as a document on an ongoing basis in a process that is designed for annual review and update. Documents within the integrated planning framework are essentially living documents that change and grow in-line with organisational needs and priorities. Any documents within this framework need to have the ability to be modified and updated on a regular basis.

Predicted future renewal works for roads have therefore been shown within the updated Overall Asset Management Plan in terms of a prioritised list rather than a balanced ten year budget.

This saves time with the production of the document, which allows it to be updated and reproduced in a shorter timeframe and on a more regular basis.

Where possible however, certain elements of the planned road expenditure have been separated out and shown as a schedule of works. This has been made possible by these elements having a smaller list of roads eligible and/or the pre-existing need for a schedule to be produced to satisfy certain funding criteria.

The Narrow Country Road Program, Regional Road Group Funding and the Traffic Study Implementation are shown as works schedules separate to the Prioritised list of works.

At the conclusion of the upcoming ten year period (as outlined within the LTFP) it is anticipated that the majority of the works listed in the prioritised schedule will be completed. This will generally be undertaken via renewal of highest priority score first and moving down the list from there. There will be numerous occasions however, where roads attracting a higher score may be delayed in favour of a lower scoring road. This will be in instances such as grouping of works by locality to improve efficiency and economies of scale and also roads requiring earlier renewal for other strategic purposes.

Chainage (Ch.) is the measurement used to determine locations along the length of the road. Each road has a start and end point, with the start point being at Chainage zero. This number increases along the road until such time as the road finishes.

From Ch. to Ch. in the prioritised list represents the section of road which is scheduled to be renewed. (Chainage is measured in meters).

Priority Score is derived from a range of criteria including the Pavement Condition Index, (PCI), and other factors for heavy haulage and school bus routes, safety, road hierarchy, traffic volumes and tourism destinations.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

F1801/011 Moved Councillor G Henley, seconded Councillor J McCallum

That the Council note The Asset Management Report for February 2018.

CARRIED 5/0

Note: The report was noted to have a missing paragraph, which is now included.

9.33am: At this time the Director of Engineering and Works Services and the Asset Management Officer left the meeting.

6.5 FINANCIAL ACTIVITY STATEMENTS - PERIODS ENDING 30 NOVEMBER & 31 DECEMBER 2017

SUBJECT INDEX:	Budget Planning and Reporting
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A FINANCIAL ACTIVITY STATEMENT PERIOD ENDING 30 NOVEMBER 2017⇒
	Attachment B FINANCIAL ACTIVITY STATEMENT PERIOD ENDING 31 DECEMBER 2017⇒
	Attachment C INVESTMENT REPORT PERIOD ENDING 30 NOVEMBER 2017⇒
	Attachment D INVESTMENT REPORT PERIOD ENDING 31 DECEMBER 2017⇒

PRÉCIS

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

This report has been compiled to fulfil the statutory reporting requirements of the Act and associated Regulations, whilst also providing the Council with an overview of the City's financial performance on a year to date basis for the period ending 30 November 2017 and 31 December 2017. This report will focus on results for the period ending 31 December 2017, being the most current information on which to report.

BACKGROUND

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

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

Additionally, and pursuant to Regulation 34(5) of the Regulations, a local government is required to adopt a material variance reporting threshold in each financial year. At its meeting of 26 July 2017, the Council adopted (C1707/163) the following material variance reporting threshold for the 2017/18 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 2017/18 financial year as follows:

- *Variances equal to or greater than 10% of the year to date budget amount as detailed in the Income Statement by Nature and Type/ Statement of Financial Activity report, however variances due to timing differences and/or seasonal adjustments are to be reported on a quarterly basis; and*
- *Reporting of variances only applies for amounts greater than \$25,000.”*

STATUTORY ENVIRONMENT

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

RELEVANT PLANS AND POLICIES

Not applicable.

FINANCIAL IMPLICATIONS

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

Long-term Financial Plan Implications

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

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – ‘Open and Collaborative Leadership’ and more specifically Community Objective 6.1 - ‘Governance systems, process and practices are responsible, ethical and transparent’. The achievement of the above is underpinned by the Council strategy to ‘ensure the long term financial sustainability of Council through effective financial management’.

RISK ASSESSMENT

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

CONSULTATION

Not applicable

OFFICER COMMENT

In order to fulfil statutory reporting requirements, and to provide the Council with a synopsis of the City’s overall financial performance on a full year basis, the following financial reports are attached 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 also associated interest earnings on reserve funds, on a full year basis.

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

COMMENTS ON FINANCIAL ACTIVITY TO 31 December 2017

The Statement of Financial Activity for the period ending 31 December 2017 shows a better than expect Net Current Position (Surplus) of \$22.97M being \$8.26M more than Year to Date Budget.

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

Description	2017/2018 Actual	2017/2018 Amended Budget YTD	2017/2018 Amended Budget	2017/2018 Original Budget	2017/18 YTD Bud (A) Variance	2017/18 YTD Bud (A) Variance
	\$	\$	\$	\$	%	\$
Revenue from Ordinary Activities						
Other Revenue	286,051	204,383	416,167	403,838	39.96%	81,668
Interest Earnings	1,409,478	1,131,498	2,262,996	2,262,996	24.57%	277,980
	1,695,529	1,335,881	2,679,163	2,666,834	64.53%	359,648
						0
Expenses from Ordinary Activities						
Materials & Contracts	(7,331,237)	(8,680,507)	(16,832,737)	(16,639,971)	15.54%	1,349,270
Utilities (Gas, Electricity, Water etc)	(1,109,066)	(1,292,836)	(2,580,822)	(2,580,822)	14.21%	183,770
Allocations	684,986	998,450	1,996,270	1,996,270	31.40%	(313,464)
	(7,755,317)	(8,974,893)	(17,417,289)	(17,224,523)	61.15%	1,219,576
						0
Non-Operating Grants, Subsidies and Contributions	2,513,475	13,541,835	43,437,175	42,079,630	-81.44%	(11,028,360)
Profit on Asset Disposals	48,793	13,750	22,400	22,400	254.86%	35,043
Loss on Asset Disposals	(435,173)	(5,100)	(6,252)	(6,252)	-8432.80%	(430,073)
	2,127,095	13,550,485	43,453,323	42,095,778	-8259.38%	(11,423,390)

Capital Revenue & (Expenditure)

Land & Buildings	(2,992,361)	(8,091,652)	(16,556,693)	(16,531,693)	63.02%	5,099,291
Plant & Equipment	(969,736)	(2,388,652)	(4,279,400)	(4,029,400)	59.40%	1,418,916
Furniture & Equipment	(296,848)	(587,758)	(830,212)	(830,212)	49.49%	290,910
Infrastructure	(15,377,795)	(28,877,810)	(60,472,821)	(59,905,821)	46.75%	13,500,015

Proceeds from New Loans	110,000	9,960,000	10,110,000	11,110,000	-98.90%	(9,850,000)
Transfer to Restricted Assets	(1,705,292)	(309,501)	(625,751)	(625,751)	-450.98%	(1,395,791)
Transfer from Restricted Assets	11,222,234	7,354,556	27,808,739	27,808,739	52.59%	3,867,678
Transfer to Reserves	(7,082,013)	(9,730,166)	(16,285,572)	(16,285,572)	27.22%	2,648,153
Transfer from Reserves	1,560,543	1,146,659	19,921,964	19,486,964	36.09%	413,884

Operating Revenue:

Revenue from ordinary activities is \$359K more than expected when compared to Year to Date (YTD) Budget with the following items meeting the material variance reporting threshold set by Council for the 2017/2018 Financial Year.

Description	2017/2018 Actual	2017/2018 Amended Budget YTD	2017/2018 Amended Budget	2017/18 YTD Bud (A) Variance	2017/18 YTD Bud (A) Variance
	\$	\$	\$	%	\$

Revenue from Ordinary Activities

Other Revenue	286,051	204,383	416,167	39.96%	81,668
Interest Earnings	1,409,478	1,131,498	2,262,996	24.57%	277,980
	1,695,529	1,335,881	2,679,163	64.53%	359,648

The items predominately impacting the above "Other Revenue" performance is as follows:

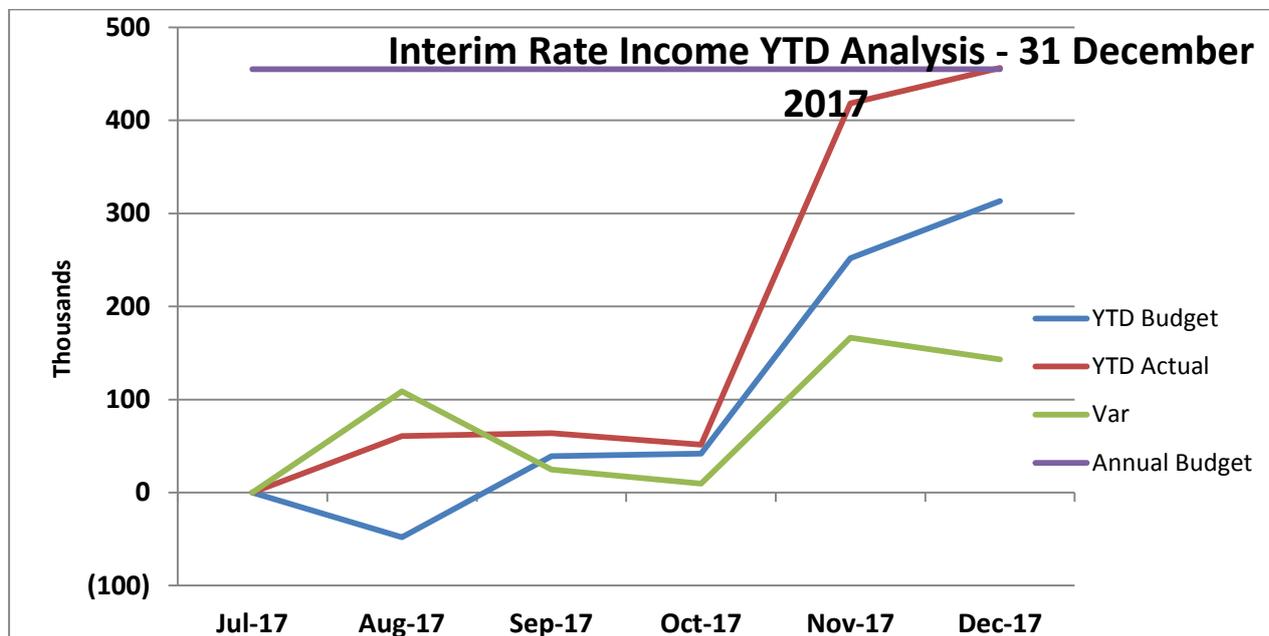
- CLAG (Contiguous Local Authority Group) Funding in the amount of \$69K, this item is to be transferred to Trust, and
- Sale of Scrap Metals Busselton and Dunsborough Waste Facilities \$45K.

The items predominately impacting the above "Interest Earnings" performance is as follows:

- Rate Instalment Plan Interest \$120K – this is a timing difference only,
- Interest on Restricted Funds \$106K – staff will continue to monitor this variation to establish if this positive trend is to continue.

Interim Rates:

Officers continue to monitor Interim Rating Income levels and present the following information noting that the YTD Budget figure has already been met, a Budget amendment will be sought as part of the City’s mid-term Budget Review:



Operating Expenditure:

Expenditure from ordinary activities is \$1.85M less than expected when compared to Year to Date (YTD) Budget with the following items meeting the material variance reporting threshold set by Council for the 2017/2018 Financial Year.

Description	2017/2018 Actual	2017/2018 Amended Budget YTD	2017/2018 Amended Budget	2017/18 YTD Bud (A) Variance	2017/18 YTD Bud (A) Variance
	\$	\$	\$	%	\$
Expenses from Ordinary Activities					
Materials & Contracts	(7,331,237)	(8,680,507)	(16,832,737)	15.54%	1,349,270
Utilities (Gas, Electricity, Water etc)	(1,109,066)	(1,292,836)	(2,580,822)	14.21%	183,770
Allocations	684,986	998,450	1,996,270	31.40%	(313,464)
	(7,755,317)	(8,974,893)	(17,417,289)	61.15%	1,219,576

Materials and Contracts:

The main items affected are list below, at this stage these variance are considered to be that of a timing nature and/or there are offsets that negate the impact of these items.

Cost Code	Cost Code Description / GL Activity	Variance YTD
Finance and Corporate Services		
10250	Information & Communication Technology Services	(128,878)
10251	Business Systems	151,104
Sub Total		22,226
Community and Commercial Services		
10591	Geographe Leisure Centre	42,171
10600	Kookaburra Caravan Park	49,318
10635	Regional Centres Program	60,000
10980	Other Law, Order & Public Safety	141,433
11151	Airport Operations	(36,721)
Sub Total		256,202
Planning and Development Services		
10820	Strategic Planning	92,437
10830	Environmental Management Administration	90,165
10925	Preventative Services - CLAG	63,996
11170	Meelup Regional Park	76,874
Sub Total		323,472
Engineering and Works Services		
11101	Engineering Services Administration	28,581
11106	Street Lighting Installations	69,826
11160	Busselton Jetty	279,114
12600	Street & Drain Cleaning	37,931
A9999	Miscellaneous Bridge Maintenance	67,010
B1000	Administration Building- 2-16 Southern Drive	(47,785)
G0010	Domestic Recycling Collections	104,207
G0030	Busselton Transfer Station	49,291
G0032	Rubbish Sites Development	45,868
G0042	BTS External Restoration Works	115,262
M9999	Road Maintenance Bal Of Budget	168,454
R0004	Bsn Foreshore Precinct (not including Skate Park)	(80,842)
R0700	Dunsborough Oval and Skate Park	(38,779)
R0850	Streetscape Medians & Trees (Kealy)	(44,032)
R1000	Street Furniture - Bsn, Duns, Yallingup	(42,320)
Sub Total		711,788
Transport - Fleet Management		
5280	Transport - Fleet Management	176,010
Sub Total		176,010
Grand Total		1,489,697

Utilities:

With over 364 individual accounts at a better than expected result of \$1.1K, a favourable position of \$184K is considered likely to be a timing difference at this early stage of the reporting year specifically when we are now entering the summer period.

Allocations:

Allocations are currently tracking below YTD Budget by \$314K, these items are of a internal non cash nature.

Non-Operating Grants, Subsidies and Contributions:

The main item impacting on the above result is the timing of the receipt of "Airport Development - Project Grant" of \$9.27M and 1.35M for the Foreshore East-Youth Precinct Community Youth Building/SLSC project with a current negative result of \$11.03M; this is a timing difference in nature only.

Capital Expenditure

As at 31 December 2017, there is a variance of -50.84% or -\$20.3M in total capital expenditure with YTD Actual at -\$19.64M against a YTD Budget of -\$39.94M; with the table below showing those categories exceeding the 10% material variance threshold. The Airport Development makes up for \$7.95M or 39% and Other Infrastructure projects making up \$5.55M or 27.32% of the overall variance which also assists in explaining the above current YTD shortfall in Non-Operating Grants.

Description		2017/18 Budget YTD Variance
Land		
10610	Property Services Administration	● (50,000)
Subtotal		(50,000)
Buildings		
Major Project - Administration Building		
B9010	Civic and Administration Centre Construction	● (193,370)
Subtotal		(193,370)
Buildings (Other)		
B9112	Ambergate Bushfire Brigade Shed	● (61,656)
B9517	GLC - Pool Relining	● (76,777)
B9528	GLC - Plant Room	● (49,136)
B9591	Performing Arts Convention Centre	● (50,000)
B9594	Vasse Community Recreation Precinct	● 36,903
B9716	Airport Terminal Stage 2	● (4,500,000)
B9804	Kook Park Home	● (94,552)
Subtotal		(4,795,218)
Plant & Equipment		
10610	Property Services Administration	● (35,000)
10810	Statutory Planning	● 30,113
10950	Animal Control	● (34,872)
11401	Transport - Workshop	● (43,278)
11402	Plant Purchases (P10) (Waste)	● (1,313,344)
11403	Plant Purchases (P11) (Minor Plant)	● (50,502)
11404	Plant Purchases (P12) (Major Plant)	● 25,240
Subtotal		(1,421,642)
Furniture & Office Equipment		
10250	Information & Communication Technology Services	● 52,417
10251	Business Systems	● (80,907)
10900	Cultural Planning	● (32,000)
B1000	Administration Building- 2-16 Southern Drive	● (91,050)
B1361	YCAB (Youth Precinct Foreshore)	● (46,827)
Subtotal		(198,367)

Major Project - Busselton Foreshore		
C3094	Busselton Foreshore - Stage 3	● 1,286,229
C3113	Busselton Tennis Club - Infrastructure	● (1,281,059)
C3150	Busselton Foreshore Stage 3: Toddler's Playground	● (92,838)
C3168	Busselton Foreshore Jetty Precinct	● (779,835)
C3173	Barnard Park Pavillion Landscaping	● 60,157
		(807,345)
Major Project - Administration Building		
C0043	Administration Building Carpark	● (100,995)
		Subtotal (100,995)
Footpaths Construction		
F0035	Dunsborough Lakes Drive to N.C.C.	● (75,993)
F0066	Bussell Highway Footpath Sections	● (194,910)
Description		2017/18 Budget YTD Variance
F0074	Milward Street – Ford Road to Cookworthy Street	● (27,314)
F0075	Armitage Drive Footpath - Navigation Way to Avocet Boulevard	● (30,000)
F0076	Vasse Bypass Road Footpath	● (65,000)
		Subtotal (393,217)
Drainage Construction - Street		
D0015	Valley Road Drainage Upgrade	● (129,009)
D0017	Chain Avenue - Drainage Works	● (26,452)
		(155,461)
Bridges Construction		
A0010	Queen Street Bridge 0240A	● (144,000)
		Subtotal (144,000)
Cycleways Construction		
F1019	Busselton Bypass - Country Road Footpath	● (111,001)
		Subtotal (111,001)
Townscape Construction		
C1001	Queen Street Upgrade - Duchess to Kent Street	● (61,314)
C1024	Dunsborough Road Access Improvements Stage 1	● (293,846)
		Subtotal (355,159)
Boat Ramps Construction		
C1513	Port Geographe Boat Trailer Parking Layout Redevelopment	● (98,010)
		Subtotal (98,010)
Beach Restoration		
C2512	Sand Re-Nourishment	● 59,820
		Subtotal 59,820
Parks, Gardens & Reserves		
C3122	Rails to Trails	● (79,602)
C3145	Churchill Park	● 50,593
C3146	Dunsborough Town Centre	● (43,811)
C3154	Administration Building Landscaping Works	● 257,011
C3159	Port Geographe - Bugee Close (Western Side of Bridge)	● (47,334)

C3160	Port Geographe - Reticulated POS at Layman Rd R/About	●	(124,505)
C3164	Port Geographe - Reticulation Upgrade Scheme to Bore Water	●	(167,496)
C3165	Foreshore - Irrigation Renewal	●	(30,002)
C3166	Vasse River Foreshore - Bridge to Bridge project Stage 1	●	(37,500)
C3167	Advanced Bore Monitoring Equipment	●	(49,998)
C3172	Vasse Newtown - AFL Oval Stage 2	●	119,225
Subtotal			(153,418)

Sanitation Infrastructure			
C3479	New Cell Development	●	(310,983)
C3481	Transfer Station Development	●	(38,007)
C3485	Site Rehabilitation - Busselton	●	(295,968)
Subtotal			(644,959)

Description		2017/18 Budget YTD Variance	
Airport Development			
C6087	Airport Construction Stage 2, Landside Civils & Services Inf	●	(3,943,006)
C6091	Airport Construction Stage 2, Noise Management Plan	●	(143,961)
C6092	Airport Construction Stage 2, Airfield	●	(2,603,883)
C6095	Airport Construction Stage 2, External Services	●	(1,243,205)
C6097	Airport Construction Stage 1B, Jet Fuel	●	(307,500)
C6099	Airport Development - Project Expenses	●	290,644
Subtotal			(7,950,910)

Main Roads			
S0035	Strelly Street	●	(248,182)
S0049	Layman Road	●	194,745
S0064	Peel Terrace	●	(508,548)
S0066	Queen Street	●	(99,803)
S0067	Layman Road - Reconstruction Between 3250 and 6190	●	(295,282)
S0068	Georgiana Molloy Bus Bay Facilities	●	(149,610)
S0314	Koorabin Drive - Reseal	●	(123,592)
Subtotal			(1,230,273)

Roads to Recovery			
T0004	Chapman Hill Road	●	29,701
T0016	Puzey Road	●	(74,914)
T0078	Taylor Rd Gravel Resheet Slk 0.00 - 1.14	●	25,726
T0079	Patton Terrace - Asphalt Overlay	●	(132,125)
T0080	Craig Street - Asphalt Overlay	●	(72,793)
T0084	Yelverton Road- Rural reconstruction & widening	●	(123,115)
Subtotal			(347,520)

Council Roads Initiative			
W0019	Marine Terrace	●	(244,732)
W0066	Court Street	●	2,599
W0108	Yelverton Road	●	(472,180)
W0136	DAIP Issues District ACROD Bays, ramps, signs etc	●	(8,940)
W0137	Edwards Road	●	(75,997)
W0150	Roe Terrace Busselton	●	(10,002)
W0176	Signage (Alternate CBD Entry)	●	(30,000)
W0177	Strelly Street	●	(29,790)
W0192	Valley Road	●	(23,418)

W0198	Senior Citizens Access Road (Peel Tce)	●	29,207
W0200	Farquhar Rd Gravel Resheet Slk 0.60 - 2.10	●	(16,779)
W0201	McDonald Rd Gravel Resheet Slk 1.40 - 2.49	●	(11,867)
W0202	Costello Road - Asphalt Overlay	●	32,297
W0203	Coates Street - Asphalt Overlay	●	17,946
W0204	Greenfield Road (Loop) - One way layout	●	(26,720)
Subtotal			(894,626)
Sub-Total Infrastructure			<u>(13,500,015)</u>

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

Investment Report

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

30 November 2017

As at 30 November 2017, the value of the City's invested funds totalled \$94.27M, down \$1M from the balance as at 1st November.

During the month of November \$10.5M in term deposit funds matured. Three deposits were renewed for an average of 130 days at an average rate of 2.44%. One deposit was closed for operational reasons.

The balance of the 11am account (an intermediary account which offers immediate access to the funds compared to the term deposits and a higher rate of return compared to the cheque account) increased by \$3.5M due to the closure of a term deposit and funds being transferred in from the Foreshore account. The balance of the Airport development ANZ cash account reduced by \$980,000.00, with the funds being transferred back to the City's cheque account to reimburse payments made.

31 December 2017

As at 31 December 2017, the value of the City's invested funds totalled \$83.64M, down from \$94.27M as at 30th November.

During the month of December \$22.0M in term deposit funds matured, with \$14.M relating to the Airport Redevelopment Project and \$8.0M being general City funds.

Of the Airport Funds, only one deposit in the amount of \$4.0m was rolled for a further 60 days at a rate of 1.85%. Deposits totalling \$8.0m were closed to meet the expected expenses to be incurred over the coming months.

Of the \$8.0M of general City funds, \$3.5M was rolled for a further 120 days at 2.30% and a deposit totalling \$4.5M was closed for operational reasons.

The balance of the 11am account (an intermediary account which offers immediate access to the funds compared to the term deposits and a higher rate of return compared to the cheque account) reduced by \$2.5M with the funds being used for general operating purposes.

The balance of the Airport development ANZ cash account increased by \$6.37M, as funds flowed from closed term deposits.

The RBA left official rates on hold during November and December with projections for Rates to remain steady for some months before beginning to rise possibly at some stage late in 2018.

Chief Executive Officer – Corporate Credit Card

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

Date	Amount	Payee	Description
29-Oct-17	\$313.72	Rendezvous Hotel, Sydney	Accom. – Airport Meetings (27TH NOV 17)
13-Nov-17	\$156.53	Perth Valet Parking	Airport Meetings
22-Nov-17	\$55.00	Caltex, Halls Gap	* Fuel LGCOG Conference
24-Nov-17	\$68.00	The Lorne Hotel	* Dinner LGCOG Conference
25-Nov-17	\$49.86	BP Leopold	* Fuel For Hire Car
25-Nov-17	\$507.42	Rydges On Swanston Carlton	Accomm: Airport Meetings 26 - 28 Nov
27-Nov-17	\$52.50	Spotto East Sydney	Taxi - Airport Meetings 26-28 Nov
27-Nov-17	\$313.72	Rendezvous Hotel Sydney The Rocks	Accomm: Airport Meetings 26 - 28 Nov
27-Nov-17	\$303.49	Carri On Melbourne Tullamarine	Corporate Bag Business
27-Nov-17	\$10.01	BP Exp The Tulla Melbourne Airport	* Fuel For Hire Car
27-Nov-17	\$25.25	Endeavour Tap Rooms The Rocks	Drinks - Airport Meetings 26 - 28 Nov
27-Nov-17	\$50.54	Rydges On Swanston Carlton	Parking - Airport Meetings 26 - 28 Nov
28-Nov-17	\$47.78	Taxi Combined Alexandria	Taxi - Airport Meetings 26-28 Nov
28-Nov-17	\$17.64	GM Cabs Pty Ltd Mascot	Taxi - Airport Meetings 26-28 Nov
28-Nov-17	\$30.40	Phoenix On Walker North Sydney	Breakfast Airport Meetings 26 - 28 Nov
28-Nov-17	\$19.43	GM Cabs Pty Ltd Mascot	Taxi - Airport Meetings 26-28 Nov
28-Nov-17	\$15.75	GM Cabs Pty Ltd Mascot	Taxi - Airport Meetings 26-28 Nov
01-Dec-17	\$101.88	The Goose	Staff Farewell
08-Dec-17	\$97.60	Mealup Aka Hummingbird	Strategic Breakfast with SWDC
15-Dec-17	\$169.00	The Haus Studio Apartments	Deposit Accom: LGCOG EA Alliance Meeting April '18
15-Dec-17	\$511.50	EB*LG COG EA Meeting	LG COG EA Alliance Meeting Rego
14-Dec-17	\$4,706.50	Rustico At Hayshed Hill	Councillors Christmas Function
20-Dec-17	\$680.60	Trybooking	LG COG Conference 14-16 Feb
20-Dec-17	\$54.61	Paypal - Stereotype	New Font for Graphics

Date	Amount	Payee	Description
20-Dec-17	\$53.10	Bull & Bush Tavern, Boyanup	SW CEO's Lunch

**Funds debited against CEO Annual Professional Development Allowance as per employment Contract Agreement*

+ Allocated against CEO Hospitality Expenses Allowance

CONCLUSION

As at 31 December 2017, the City's financial performance is considered satisfactory.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

F1801/012 Moved Councillor J McCallum, seconded Councillor G Henley

That the Council receives the statutory financial activity statement reports for the periods ending 30 November 2017 and 31 December 2017, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

CARRIED 5/0

6.6 REVIEW OF POLICY 048 - LOANS

SUBJECT INDEX:	Policy
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Council Policy 048 - Loans - Tracked Change Version → Attachment B Council Policy 048 - Loans →

PRÉCIS

A review of Policy 048 – Loans has been undertaken and is presented for consideration of the Finance Committee for recommendation to Council.

BACKGROUND

Council Policy 048 – Loans was last reviewed in May 2015. Officers have completed a review of the Policy with the main changes surrounding the setting of criteria for the requirement of information required for applications for Self Supporting Loans. Other minor changes have also been made to acknowledge the relevance of this Policy in regard to Long Term Financial Planning and also to changes to the Department of Local Government, Sport and Communities changes in respect to Financial Ratios.

STATUTORY ENVIRONMENT

In accordance with Section 2.7(2) (b) of the Local Government Act 1995, it is the role of the Council to determine the local government's policies. The Council does this on the recommendation of a Committee it has established in accordance with Section 5.8 of that Act.

RELEVANT PLANS AND POLICIES

The Policy in question is already in existence, officers have reviewed the current Policy, last reviewed in May 2015.

FINANCIAL IMPLICATIONS

There are no Financial Implications associates with respect to the requested amendments to Policy 048 – Loans.

Long-term Financial Plan Implications

There are no Financial Implications associates with respect to the requested amendments to Policy 048 – Loans.

STRATEGIC COMMUNITY OBJECTIVES

This policy is consistent with fostering the following strategic objective:

Key Goal Area 6 - LEADERSHIP Visionary, collaborative, accountable

6.1 Governance systems, processes and practices are responsible, ethical and transparent.

RISK ASSESSMENT

The requested amendments to Council Policy 048 – Loans will reduce any possible risk with respect to the application for Self Supporting Loans.

CONSULTATION

Relevant officers within the City have been consulted.

OFFICER COMMENT

Officers have completed a review of the Policy with the main changes surrounding the setting of criteria for the requirement of information required for applications for Self Supporting Loans. Other minor changes have also been made to acknowledge the relevance of this Policy in regard to Long Term Financial Planning and also to changes to the Department of Local Government, Sport and Communities changes in respect to Financial Ratios.

CONCLUSION

The officer commends the amended Policy to the Finance Committee for referral to Council.

OPTIONS

Should the Committee not agree with the requested amendments it could recommend to Council:

1. That the Policy remain unchanged,
2. Recommend alternative amendments, or
3. Recommend that the Policy be withdrawn.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Changes to the Policy would be implemented immediately.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

F1801/013 Moved Councillor J McCallum, seconded Councillor G Henley

That the Council approve/adopt amended Policy "048 – Loans" shown at attachment A.

CARRIED 5/0

Note: The word "club" was changed to "applicant" and the word "Shire" was changed to City" in Policy 048.

Attachment A

Last updated 27 May 2015

048	Loans	V3 Current
-----	-------	------------

STATEMENT

The Council is committed to demonstrating financial responsibility in its utilisation of loan facilities to fund specific capital projects. It is also acknowledged that the funding of identified projects via loan facilities can actually assist in addressing intergenerational equity issues.

Additionally any proposal to utilise loan facilities as a funding source should always be considered against a number of predetermined criteria. This policy provides an overview of the associated criteria to be considered as part of any decision making process to utilise loan facilities.

The policy content does not apply to self-supporting loan facilities; as the purpose of such facilities is distinct from the City's own funding requirements. Each request for a Self-Supporting loan is to be considered on its individual merits and any application is to include a minimum of the following information:

- Request for Self-Supporting Loan in the amount of \$ for a term of xx years.
- Demonstrate capacity to meet loan repayments,
- Project scope,
- Total Cost of Project (project Budget) including all funding sources,
- The Total number of registered Members,
- Benefits the project will bring to members and the community, and
- Acknowledgement that the applicant is responsible for reimbursement to the City of Busseton of full costs associated with the loan and that the club will enter into a "LOAN REPAYMENT AGREEMENT" with the City of Busseton

PURPOSE

This policy provides guidelines in respect of the utilisation of loan facilities to fund the acquisition, construction or renewal of assets. Recognition of this policy will ensure that a consistent methodology is adopted when considering loans as a potential funding source.

SCOPE

As part of its strategic planning and Long Term Financial Planning processes, the Council will consider how significant projects are to be funded.

The use of loan facilities may be an appropriate, or even a preferred option, in respect of specific capital projects. However, in order to ensure that financial prudence is demonstrated when deliberating the utilisation of loan facilities in preference to other funding options, consideration of the guidelines as detailed in this policy must form part of any associated decision making process.

POLICY CONTENT

The following guidelines are to be considered as part of any proposal to utilise loan facilities:

- Loans are not to be utilised to fund operating expenditure
- Loans are not to be utilised to fund capital expenditure of a recurrent nature (e.g. road resurfacing and associated works or plant replacement unless funding becomes available via Federal / State or other additional grants that enables the City to bridge gaps in Asset Management Plans that could maximise leveraging opportunities.

Last updated 27 May 2015

- A demonstrable economic benefit must be evident to support the use of loan facilities, as opposed to saving for the asset acquisition, construction or renewal. Priority for loan funding will be given to projects that will deliver greater community benefit and secondly generate revenue to offset associated loan repayments or can be funded from contributing revenue streams other than General Rates. These revenue streams may include specified area rates, service charges and fees and charges.
- The term of any loan facility is not to exceed the economic life of the asset.
- The repayment method for a loan facility will be via principal and interest repayments. Interest only payments or capitalisation can be considered where a financial benefit can be demonstrated; and the nature of the asset being funded is consistent with this methodology. As an example, a property acquisition / subdivision where the impact on the rate base is lesser during the initial phases and the full debt can be acquitted from the disposal of the land under development.
- In considering the utilisation of loan facilities, the City's capacity to repay must be assessed, with regard given to associated debt service coverage ratio which is to result in the City having a ratio above 4.0.

Policy Background

Policy Reference No. - 048
 Owner Unit – Finance
 Originator – Manager, Financial Services
 Policy approved by – Council
 Date Approved – 27 May, 2015
 Review Frequency – As required
 Related Documents –
 Background/History -

History

Council Resolution	Date	Information
C1505/125	27 May, 2015	Changes made after Ron Back review Version 3
C1109/280	14 September, 2011	Debt-free status no longer a priority Version 2
		Version 1

6.7 BUDGET AMENDMENT REQUEST

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

10.19am: At this time the Director of Planning Development Services and the Manager of Development Services and Policy entered the meeting.

PRÉCIS

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

BACKGROUND

Council adopted its 2017/2018 Municipal Budget on Wednesday, 26 July 2017 with a balanced Budget position.

Since this time Council has been advised of certain funding changes that have impacted the original Budget and Council is now being asked to consider Budget Amendments for the following Key Areas/Projects:

1. "Shared Path/Footpath Projects"

BACKGROUND

The City has been presented with a Western Australian Bicycle Network grant offer for the construction of a Shared Path along College Avenue, Busselton. This Shared Path will provide a strategic north-south connection between the Busselton Bypass and the Busselton LIA & CBD. The WABN grant requires matching funding of \$190,000.

The City has pre-committed funding from the WABN grants for 2018/19 therefore this project would not normally be funded until 2019/20 or later. It is proposed to bring forward the construction of the footpath project largely by using funds allocated to the construction of a footpath in Dunsborough Lakes Drive as there are delays in gaining approvals to commence this project as well as other works identified in the table below.

PLANNED EXPENDITURE ITEMS

The College Avenue Shared Path has been developed internally with consultation with adjacent property owners underway. Notwithstanding the potential outcomes of this consultation this project is ready for issue to the Works division and is construction ready. There are no foreseeable matters that would hinder delivery and grant acquittal by Mid-June 2018.

Officers propose that the 2017/2018 Adopted Budget be amended to reflect the following funding changes, shown in Table 1.

Table 1:

<i>Cost Code</i>	<i>Description</i>	Current Budget	Change	Proposed Amended Budget
F0063	Yallingup Footpaths	(31,195)	31,195	0
F0035	Dunsborough Lakes Drive to NCC	(152,000)	145,000	(7,000)
F0075	Armitage Drive Footpath - Navigation Way to Avocet Boulevard	-(60,000)	13,805	(46,195)
"New"	College Avenue Shared Path	0	(380,000)	(380,000)
WABN Grant "New"	WABN Grant Income	190,000	190,000	190,000
Total		(243,195)	0	(243,195)

PROPOSED OUTCOME

The acceptance for the grant for the construction of the College Avenue Shared Path would ensure that the north-south strategic connection is cofounded and delivered in a timely manner.

2. "Drainage Project Amendments"**BACKGROUND****Johnston Avenue Drainage project**

The construction of the proposed drainage infrastructure in Yallingup will be delayed due to the approvals required from the Department of Aboriginal Affairs associated with working within a listed heritage site. It is proposed to bring forward stage 2 of the Johnston Avenue Drainage project whilst the required consultation is undertaken and approvals gained for the Yallingup works.

Vasse Highway Drainage upgrade project

The Vasse Highway Drainage upgrade project is a drainage upgrade for the Vasse Townsite to reduce the ongoing ponding of water adjacent to the roadway through Water Sensitive Urban Design (WSUD) techniques. During the delivery of this project a significant amount of unsuitable material was identified requiring additional excavation and earthworks, this resulted in an increase in the quantity of replacement modified filtration medium. Due to this increase excavation additional pipework was included to reduce the potential risk to surrounding infrastructure hence an increase to Budget is required.

PLANNED EXPENDITURE ITEMS**Johnston Avenue Drainage project**

Stage 2 of the Johnston Avenue drainage has been designed and document with all consultation being finalised. This project is ready for issue to the Works division and is construction ready. This project can be fully delivered this financial year.

Vasse Highway Drainage upgrade project

This project is currently under construction.

The following amendments shown below in Table 2 are being sought for approval.

Table 2:

<i>Cost Code</i>	<i>Description</i>	Current Budget	Change	Proposed Amended Budget
D0015	Valley Road Drainage upgrade	(258,010)	250,000	(8,010)
D0017	Vasse Highway Drainage Works	(25,000)	(30,000)	(55,000)
D0018	Johnston Avenue Drainage upgrade – Stage 2	0	(220,000)	(220,000)
Total		(283,010)	0	(283,010)

PROPOSED OUTCOME**Johnston Avenue Drainage project**

The proposed amendment for stage 2 of Johnston Avenue Drainage would ensure that this project is finalised and the risk of property flooding and future inundation of Bussell Highway in this area is addressed prior to the 2018 winter.

Vasse Highway Drainage upgrade project

Completion of this project to an appropriate standard.

STATUTORY ENVIRONMENT

Section 6.8 of the Local Government 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

There are multiple Plans and Policies that support the proposed Budget Amendments.

FINANCIAL IMPLICATIONS

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

Long-term Financial Plan Implications

N/A

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – 'Open and Collaborative Leadership' and more specifically Community Objective 6.1 - 'Governance systems, process and practices are responsible, ethical and transparent'. The achievement of the above is underpinned by the Council strategy to 'ensure the long term financial sustainability of Council through effective financial management'.

RISK ASSESSMENT

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

CONSULTATION

Consultation has occurred with the appropriate City of Busselton officers.

OFFICER COMMENT

The Officer commends the requested Budget Amendment to the Finance Committee for consideration and recommendation to Council.

CONCLUSION

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

OPTIONS

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

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

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

10.28am: At this time the Design and Survey Coordinator entered the meeting.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION**F1801/014**

Moved Councillor J McCallum, seconded Councillor C Tarbotton

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That the Finance Committee recommends to Council endorsement of the Requested Budget Amendments contained within this report, resulting in no change to an Amended Budgeted Surplus Position of \$0.

CARRIED 5/0

Note: The Design and Survey Coordinator provided the Committee with a map of the proposed College Avenue Path. This is shown in attachment A.

10.32am: At this time the Design and Survey Coordinator left the meeting.

Attachment A



7. GENERAL DISCUSSION ITEMS**7.1 HOLIDAY HOMES**

The Director of Planning and Development Services provided a presentation to the Committee on local Holiday Home policy reviews and the potential for differential rating on Holiday Homes. There was a general consensus within the Committee to continue investigation with further discussion to take place in the coming months.

10.45am: At this time the Director of Planning Development Services and the Manager of Development Services and Policy left the meeting.

7.2 REVIEW OF CALCULATION BASIS FOR RATE CALCULATIONS – YALLINGUP

The Manager of Financial Services provided a presentation to the Committee on the review of calculation basis for rate calculations in Yallingup. The Committee noted that there would be further research involved, following the results of a survey that is currently underway.

11.06am: At this time Cr Kelly Hick entered the meeting as an observer.

7.3 CONTRIBUTIONS TO WORKS – FUNDS HELD

The Chief Executive Officer and the Manager of Financial Services provided a summary of contributions to works of funds held to the Committee. The Committee supported the proposal to develop a plan and form a program with the intention to spend the funds in the 2018/19 financial year.

8. NEXT MEETING DATE

Thursday, 15 February 2018

9. CLOSURE

The meeting closed at 11.21 am.

THESE MINUTES CONSISTING OF PAGES 1 TO 34 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON TUESDAY, 25 DECEMBER 2018.

DATE: _____

PRESIDING MEMBER: _____