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**CITY OF BUSSELTON**

**MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 21 JUNE 2018**

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## MINUTES

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN COMMITTEE ROOM, ADMINISTRATION BUILDING, SOUTHERN DRIVE, BUSSELTON, ON 21 JUNE 2018 AT 9.30AM .

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

The Presiding Member opened the meeting at 9.30am.

### 2. ATTENDANCE

#### Presiding Member:

Cr Paul Carter

#### Members:

Cr Grant Henley

Cr Robert Reekie

Cr Rob Bennett Deputy Member (arrived 9.32am)

#### Officers:

Mr Mike Archer, Chief Executive Officer

Mr Kim Dolzadelli, Manager, Finance Services

Miss Kate Dudley, Administration Officer, Governance

#### Apologies

Cr Coralie Tarbotton

Cr John McCallum

Mr Tony Nottle, Director, Finance and Corporate Services

### 3. PUBLIC QUESTION TIME

Nil

### 4. DISCLOSURE OF INTERESTS

Nil

### 5. CONFIRMATION OF MINUTES

#### 5.1 Minutes of the Finance Committee Meeting held 17 May 2018

#### COMMITTEE DECISION

**F1806/042**

Moved Councillor G Henley, seconded Councillor R Reekie

That the Minutes of the Finance Committee Meeting held 17 May 2018 be confirmed as a true and correct record.

**CARRIED 3/0**

9.32am At this time Cr Bennett entered the meeting.

## **6. REPORTS**

### **6.1 DONATIONS/CONTRIBUTIONS AND SUBSIDIES FUND - MAY 2018**

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

#### **PRÉCIS**

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

#### **BACKGROUND**

The Council allocates an annual budget allowance to the Donations, Contributions and Subsidies (Sponsorship Fund). This is provided such that eligible groups and individuals can apply for and receive sponsorship to assist them in the pursuit of endeavours that bring direct benefit to the broader community. Allocation of the funds is delegated to the Chief Executive Officer, in accordance with published guidelines and funding availability.

#### **STATUTORY ENVIRONMENT**

There are no significant statutory environment points to note.

#### **FINANCIAL IMPLICATIONS**

The annual budget allowance for the Sponsorship Fund is \$40,000. Total expenditure, including the applications supported in May \$23,431, leaving a balance of \$16,569.

#### **Long Term Financial Plan**

There are no long term financial plan implications.

#### **STRATEGIC COMMUNITY OBJECTIVES**

This matter aligns principally with Key Goal Areas 6 the City of Busselton Strategic Community Plan 2017: Governance systems, process and practices are responsible, ethical and transparent.

#### **RISK ASSESSMENT**

There are no identified risks or a medium or greater level associated with the officers recommendation.

**CONSULTATION**

Consultation was undertaken with each applicant in the course of assessing their applications.

**OFFICER COMMENT**

Four applications were received and supported in May 2018, as outlined in the table below, totalling \$2,898.50.

App. No.	Recipient	Purpose	Amount
83/1718	Dunsborough Football Club	Seeking funds to assist with covering the cost of the supply and installation of a new scoreboard at the Dunsborough Playing Fields.	\$1,000.00
84/1718	Busselton Family History Association Inc.	Seeking further financial assistance to cover the cost of hosting the WA Genealogical Affiliated Societies conference at the Busselton Community Resource Centre in September. Funds requested to cover the cost of printing booklets for the conference. Note: Funding of \$195 to cover the cost of venue room hire was approved in March 2018. Funding request 84/1718 was also supported as the total received by the group this financial year did not exceed \$1,000	\$500.00
85/1718	Geographe Bay Table Tennis Club	Hosting 2018 South West Open Table Tennis Championship at the Busselton Youth Centre being held on 30 June – 1 July 2018. Funding requested to cover the cost of venue hire.	\$500.00
86/1718	Rotary Club of Busselton Geographe Bay Inc.	Funds requested to cover the cost of directional signage for the 2019 Australia Day celebrations. The Australia Day Celebrations and breakfast will move from the western side of the Equinox café to the central core area of the foreshore.	\$898.50

**CONCLUSION**

The Sponsorship Fund continues to provide support to groups and individuals, with a further four applications processed in May 2018.

**OPTIONS**

This report is for noting only and hence there are no options presented.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

This report is for noting only.

**COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION**

**F1806/043** Moved Councillor R Reekie, seconded Councillor G Henley

That the donations and sponsorships for the month of May 2018 be noted.

**CARRIED 4/0**

## 6.2 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 31 MAY 2018

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

### PRÉCIS

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

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

### BACKGROUND

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

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

Additionally, and pursuant to Regulation 34(5) of the Regulations, a local government is required to adopt a material variance reporting threshold in each financial year. At its meeting of 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 – ‘Leadership’ and more specifically Community Objective 6.1 - ‘Governance systems, process and practices are responsible, ethical and transparent’.

## **RISK ASSESSMENT**

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

## **CONSULTATION**

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 here to:

- Statement of Financial Activity

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

- Net Current Position

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

▪ Capital Acquisition Report

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

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

▪ Reserve Movements Report

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

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

### COMMENTS ON FINANCIAL ACTIVITY TO 31 May 2018

The Statement of Financial Activity for the period ending 31 May 2018 shows a better than expected Net Current Position "Surplus" of \$10M being \$29.97M more than Year to Date (YTD) Budget. At this time subject to there being no adverse activity in the following month it is expected that a modest surplus in the vicinity of \$500K to \$1M will be achieved at year end.

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	2017/18 YTD Bud Variance	2017/18 YTD Bud Variance
<b>Revenue from Ordinary Activities</b>	64,659,810	64,468,604	66,421,049	0.30%	191,206
<b>Expenses from Ordinary Activities</b>	(60,295,551)	(62,422,003)	(68,674,825)	3.41%	2,126,452
<b>Non-Operating Grants, Subsidies and Contributions</b>	13,094,426	23,437,861	43,655,339	-44.13%	(10,343,435)
<b>Loss on Asset Disposals</b>	(641,061)	(6,252)	(6,252)	-10513.69%	(634,809)
<b>Capital Revenue &amp; (Expenditure)</b>					
Land & Buildings	(4,557,187)	(15,538,361)	(16,636,693)	70.67%	10,981,174
Plant & Equipment	(1,868,589)	(4,278,112)	(4,279,400)	56.32%	2,409,523
Furniture & Equipment	(484,529)	(800,193)	(830,212)	39.45%	315,664
Infrastructure	(38,213,066)	(53,908,332)	(60,684,321)	29.11%	15,695,266
Proceeds from Sale of Assets	318,150	635,150	635,150	-49.91%	(317,000)
Proceeds from New Loans	6,960,000	10,110,000	10,110,000	-31.16%	(3,150,000)
Advances to Community Groups	(110,000)	(260,000)	(260,000)	57.69%	150,000
Transfer to Restricted Assets	(2,458,356)	(564,501)	(625,751)	-335.49%	(1,893,855)
Transfer from Restricted Assets	21,688,927	15,354,556	27,808,739	41.25%	6,334,371
Transfer to Reserves	(10,825,164)	(14,279,526)	(16,285,572)	24.19%	3,454,362
Transfer from Reserves	5,035,307	1,146,659	19,921,964	339.13%	3,888,648



**Operating Revenue:**

Revenue from ordinary activities is \$191,206 more than expected when compared to 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 Variance	2017/18 YTD Bud Variance
	\$	\$	\$	%	\$
<b>Revenue from Ordinary Activities</b>					
Operating Grants, Subsidies and Contributions	1,956,132	2,769,653	3,637,258	-29.37%	(813,521)
Other Revenue	476,594	355,846	426,167	33.93%	120,748

**Operating Grants, Subsidies and Contributions**

Cost Code	Cost Code Description	Comment	Variance YTD
<b>Finance and Corporate Services</b>			
<b><u>Reimbursements</u></b>			
10200	Financial Services	Insurance Recovered - Claims	47,893
10521	Human Resources & Payroll	Reimbursements - Workers Compensation offset with level of expenditure	(75,485)
<b>Community and Commercial Services</b>			
<b><u>State Government Grants &amp; Subsidies - Operating Activities</u></b>			
10540	Recreation Administration	Operating Grants & Subsidies Dept. Sport & Rec - balance of Grant to claim	(32,314)
11151	Airport Operations	Operating Grants & Subsidies - AIRLINE ENGAGEMENT PROJECT - BUSSELTON MARGARET RIVER AIRPORT PROJECT	56,800
C6101	Airport Development - Project Expenses	Operating Grant-Following the State Government's Value Optimisation Review of the Busselton-Margaret River Airport Development Project the City negotiated with the State the return of \$1.4M in funding. A variation to the Financial Assistance Agreement for the Royalties for Regions funding followed and the \$1.4M was returned in May 2018.	(1,400,000)
<b>Planning and Development Services</b>			
<b><u>State Government Grants &amp; Subsidies - Operating Activities</u></b>			
10830	Environmental Management Administration	Operating Grants & Subsidies-Other - recoup earlier than expected	44,256
<b><u>Reimbursements</u></b>			
10940	Fire Prevention DFES	Reimbursement - ESL Levy - recoup earlier than expected	40,522

<b>Engineering and Works Services</b>			
<b>State Government Grants &amp; Subsidies - Operating Activities</b>			
11300	Sanitation Waste Services Administration	Operating Grants & Subsidies-Offset with level of expenditure	(90,000)
<b>Contributions - Operating Activities</b>			
11160	Busselton Jetty	Contributions - Operating Activities - recoup earlier than expected	383,017
<b>Reimbursements</b>			
11501	Operations Services Works	Reimbursements - Workers Compensation - offset with expenditure	38,980

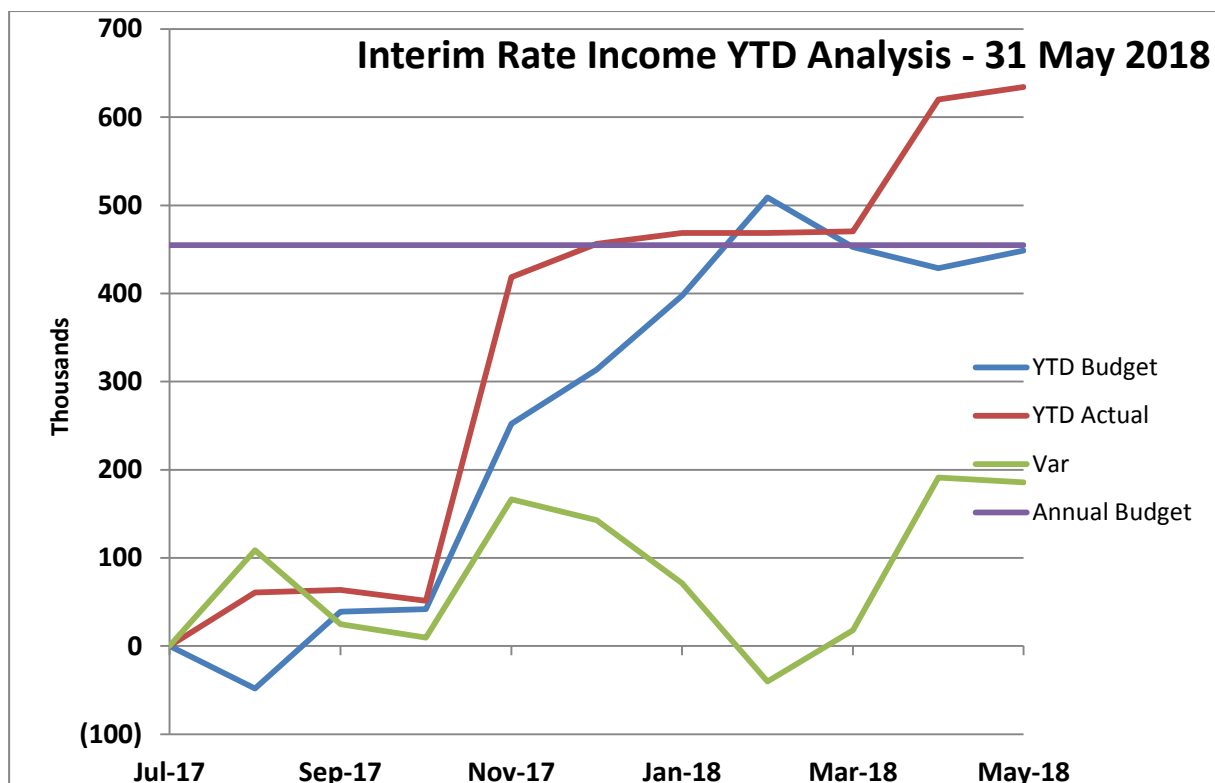
**Other Revenue**

The items predominately impacting the above “Other Revenue” performance is Sale of Scrap Materials \$104K.

The Officer notes that the above performance of “Operating Grants and Subsidies” and “Other Revenue” is added to by a positive collective performance of \$884K for Rates, Interest and Fees and Charges; these items fall below the Material Variance reporting thresholds. These variations are considered to be that of a timing difference with the exception of Rate Revenue (\$186K) which is expected to be a permanent variation.

**Interim Rates:**

Officers continue to monitor Interim Rating Income levels and present the following information noting that the YTD Budget has already been achieved;



**Operating Expenditure:**

Expenditure from ordinary activities, excluding depreciation, is \$2.54M less than expected when compared to 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 Variance	2017/18 YTD Bud Variance
	\$	\$	\$	%	\$
<b>Expenses from Ordinary Activities</b>					
Materials & Contracts	(13,525,861)	(15,135,292)	(16,914,999)	10.63%	1,609,431
Allocations	1,605,424	1,796,173	1,996,270	10.62%	(190,749)

**Materials and Contracts:**

The main items affected are listed below, at this stage these variances are considered to be of a timing nature:

Cost Code	Cost Code Description / GL Activity	Variance YTD
<b><u>Finance and Corporate Services</u></b>		
10100	Finance & Corporate Services Support	29,272
10250	Information & Communication Technology Services	38,175
10500	Legal and Compliance Services	35,175
<b><u>Community and Commercial Services</u></b>		
10591	Geographe Leisure Centre	67,480
10635	Regional Centres Program	100,000
10900	Cultural Planning	53,791
11151	Airport Operations	(48,718)
<b><u>Planning and Development Services</u></b>		
10830	Environmental Management Administration	58,315
10850	Implement Management Plans Other	57,492
10925	Preventative Services - CLAG	39,337
11170	Meelup Regional Park	67,099
<b><u>Engineering and Works Services</u></b>		
11104	Port Geographe	(300,000)
11106	Street Lighting Installations	33,086
11108	Rural Intersection (Lighting) Compliance	40,830
11160	Busselton Jetty	498,157
12600	Street & Drain Cleaning	(38,419)
Various	Bridge Maintenance	78,396
Various	Building Maintenance	136,496
C8500	Cycleways Maintenance Busselton	(26,727)
Various	Waste	398,480
Various	Road Maintenance	(218,543)
Various	Reserve Maintenance	(373,765)
5280	Transport - Fleet Management	95,701

**Allocations:**

Allocations are running \$190k under YTD Budget; these items are an internal allocation of administrative costs from the Finance and Corporate Services division.

The Officer further notes that the above combined performance of “Materials and Contracts” and “Allocations” is added to by a positive collective performance of \$1.12M for Employee Costs, Utilities, Insurances and Other Expenditure.

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

Non-Operating Grants, Subsidies and Contributions are less than YTD Budget by \$10.34M with the main item impacting on the above result is the timing of the receipt of “Airport Development - Project Grant” with a current negative result of \$10.14M; this is a timing difference in nature and effectively Municipal Funds are currently being utilised to offset the level of current expenditure for this project. Other items impacting Non-Operating Grants, Subsidies and Contributions are as follows:

Cost Code	Cost Code Description	Variance YTD
<b><u>Finance and Corporate Services</u></b>		
10235	Contributions (Revenue) Prog 7	(2,603.24)
10239	Contributions (Revenue) Prog 11	(108,322.95)
10240	Contributions (Revenue) Prog 12	46,526.91
<b><u>Community and Commercial Services</u></b>		
10900	Cultural Planning	32,246.00
C6097	Airport Construction Stage 1B, Jet Fuel	(242,913.00)
C6099	Airport Development - Project Expenses	(9,899,607.00)
<b><u>Planning and Development Services</u></b>		
B1023	Vasse Bushfire Brigade - Donated Asset	503,967.62
B1029	Busselton Branch SES	49,193.59
<b><u>Engineering and Works Services</u></b>		
B9517	GLC - Pool Relining	32,000.00
B9999	Donated Buildings	180,000.00
C1513	Port Geographe Boat Trailer Parking Layout Redevelopment	(85,875.00)
C2512	Sand Re-Nourishment	(50,413.00)
F1019	Busselton Bypass - Country Road Footpath	(30,696.00)
F1020	College Avenue Shared Path	(114,000.00)
S0035	Strelly Street	(28,826.00)
S0049	Layman Road	(91,663.00)
S0064	Peel Terrace	(390,337.00)
S0066	Queen Street	(86,663.00)
S0067	Layman Road - Reconstruction Between 3250 and 6190	(46,663.00)
S0068	Georgiana Molloy Bus Bay Facilities	(120,000.00)
T0079	Patton Terrace - Asphalt Overlay	(79,936.00)
T0080	Craig Street - Asphalt Overlay	60,663.00
T0084	Yelverton Road- Rural reconstruction & widening	129,476.00

### **Capital Expenditure**

As at 31 May 2018, there is a variance of -39.45% or -\$29.4M in total capital expenditure with YTD Actual at -\$45.12M against a YTD Budget of -\$74.52M; with the table below showing those categories exceeding the 10% material variance threshold. The Airport Development makes up for \$11.96M, Plant and Equipment Purchases, \$2.4M, Furniture and Equipment Purchases \$315K, Major Project - Busselton Foreshore \$3.12M, Main Roads projects \$1.5M, Busselton/Dunsborough Traffic Implementation Works \$990K and Council Roads Initiatives \$754K of the overall variance which also assists in explaining the above current YTD shortfall in Non-Operating Grants.

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

### **Investment Report**

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

As at 31<sup>st</sup> May 2018, the value of the City's invested funds totalled \$78.19M, up from \$77.64M as at 30<sup>th</sup> April. The slight increase is due to a net positive inflow of Loan Income compared to on-going expenditure.

During the month of May six term deposits held with five different institutions totalling \$14.0M matured. Five totalling \$12.5M were renewed for a further 10 days at 2.54% (on average). One deposit in the amount of \$1.5M had to be closed so as to maintain compliance with the Investment Policy 218, with specific regard to maximum exposure to a single institution. Investments balances are now falling to levels of a number of years ago and current holdings could no longer be maintained with the bank. The funds were utilised to meet ongoing expenses.

No fixed term deposits relating to the Airport Redevelopment Project matured during the month.

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 \$6.0M due to the inflow of new Loan income. The balance of the Airport Development ANZ cash account decreased by \$2.55M as funds were needed to pay ongoing expenses. The balance of funds held at the WA Treasury decreased by \$1.4M when the funds were required to be returned to the WA Government.

The RBA left official rates on hold during May and June. Future movements remain uncertain at this point, although the next movement is likely to be up but not in the immediate future.

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

Details of monthly (April to May) 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
10-May-18	\$75.00	Sticky Tickets	BCCI Budget Breakfast Tickets (2 x Cr's)

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

*+ Allocated against CEO Hospitality Expenses Allowance*

**CONCLUSION**

As at 31 May 2018, the City's financial performance is considered satisfactory. At this time, subject to there being no adverse activity in the following month, it is expected that a modest surplus in the vicinity of \$500K to \$1M will be achieved at year end.


**COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION**

**F1806/044** Moved Councillor G Henley, seconded Councillor P Carter

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

**CARRIED 4/0**

### 6.3 LIST OF PAYMENTS MADE MAY 2018

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

#### **PRÉCIS**

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

#### **BACKGROUND**

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

#### **STATUTORY ENVIRONMENT**

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

#### **RELEVANT PLANS AND POLICIES**

Not Applicable.

#### **FINANCIAL IMPLICATIONS**

Not Applicable.

#### **Long-term Financial Plan Implications**

Not Applicable

#### **STRATEGIC COMMUNITY OBJECTIVES**

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

#### **RISK ASSESSMENT**

Not Applicable.

#### **CONSULTATION**

Not Applicable.

**OFFICER COMMENT**

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

**CONCLUSION**

The list of payments made for the month of May 2018 is presented for information.

**OPTIONS**

Not Applicable.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

Not Applicable.

**COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION**

**F1806/045** Moved Councillor R Bennett , seconded Councillor G Henley

That the Council notes payment of voucher numbers M115635 – M115787, EF058531 – EF059087 T007392 – T007396, and DD003453 – DD003482; together totalling \$11,405,713.58.

**CARRIED 4/0**



#### 6.4 BUDGET AMENDMENT REQUEST

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

#### **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. "Regional Road Group Projects"**

#### **BACKGROUND**

A budget amendment is being requested to transfer left over funds between Regional Road Group Projects Queen Street and Peel Terrace. The current scope of the Queen St project has been bought in under Budget and approval from RRG has been received to transfer \$100,000 in Regional Road Group (RRG) funding from this project to the Peel Terrace project.

As this funding requires a 1/3 contribution from the City a total transfer of funds of \$150,000 is being sought between the two projects; \$100,000 RRG and \$50,000 municipal funds.

The \$50,000 contribution has already been budgeted and will simply be transferred between projects meaning this amendment has a nil impact on the City's bottom line.

#### **PLANNED EXPENDITURE ITEMS**

Increased expenditure on Peel Terrace project.

The following amendments shown below in Table 1 are being sought for approval.

**Table 1:**

<i>Cost Code</i>	<i>Description</i>	<b>Current Budget</b>	<b>Change</b>	<b>Proposed Amended Budget</b>
<b>Expenditure</b>				
S0066	RRG Project Queen Street	254,412	-150,000	104,412
S0064	RRG Project Peel Terrace	1,102,549	150,000	1,252,549
<b>Income</b>				
S0066	RRG Project Queen Street – Grant Income	-160,000	100,000	-60,000
S0064	RRG Project Peel Terrace – Grant Income	-644,000	-100,000	-744,000
	<b>Net Total</b>	552,961	0	552,961

**PROPOSED OUTCOME**

Increased expenditure on Peel Terrace project and retention of grant funding.

**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**

There are no LTFP implications in relation to this item.

**STRATEGIC COMMUNITY OBJECTIVES**

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

**RISK ASSESSMENT**

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

**CONSULTATION**

Consultation has occurred with Main Roads WA.

**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.

**COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION**

**F1806/046** Moved Councillor R Bennett, seconded Councillor G Henley

**ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED**

That Council endorse the Requested Budget Amendments outlined in table 1 below, resulting in no change to an Amended Budgeted Surplus Position of \$0.

**Table 1:**

<i>Cost Code</i>	<i>Description</i>	<b>Current Budget</b>	<b>Change</b>	<b>Proposed Amended Budget</b>
<b>Expenditure</b>				
S0066	RRG Project Queen Street	254,412	-150,000	104,412
S0064	RRG Project Peel Terrace	1,102,549	150,000	1,252,549
<b>Income</b>				
S0066	RRG Project Queen Street – Grant Income	-160,000	100,000	-60,000
S0064	RRG Project Peel Terrace – Grant Income	-644,000	-100,000	-744,000
	<b>Net Total</b>	552,961	0	552,961

**CARRIED 4/0**

## 6.5 CREATION OF NEW RESERVE ACCOUNTS AND BUDGET AMENDMENT REQUEST

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

### PRÉCIS

This report seeks recommendation of the Finance Committee to Council for the approval to create three (3) new Reserve accounts.

### BACKGROUND

During the Long Term Financial Plan (LTFP) and Draft Budget workshops with Council, a number of changes to reserve accounts were identified. This item requests creation of new reserves in accordance with those discussions including the transfer of Surplus Funds from the 2017/2018 Financial Year in order to establish opening balances for these new Reserves.

Specifically the Reserve accounts to be established, as above, are as follows:

- **Emergency Disaster Recovery Reserve**

Purpose: To provide funds for Disaster Recovery activities within the district.

Proposed Transfer: \$50,000

- **Energy Sustainability Reserve**

Purpose: To provide funds for the investigation, implementation and optimisation of Energy Sustainability initiatives on City owned assets.

Proposed Transfer: \$100,000

- **Cemetery Reserve**

Purpose: To provide funding for the renewal, expansion/establishment and major maintenance and initiatives of Cemeteries within the district.

Proposed Transfer: \$100,000

### STATUTORY ENVIRONMENT

Section 6.11 of the Local Government Act 1995 the manner in which a local government may establish and maintain a reserve account.

**“6.11. Reserve accounts**

- (1) *Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.*
  - (2) *Subject to subsection (3), before a local government —*
    - (a) *changes\* the purpose of a reserve account; or*
    - (b) *uses\* the money in a reserve account for another purpose,**it must give one month’s local public notice of the proposed change of purpose or proposed use.*
- \* Absolute majority required.*
- (3) *A local government is not required to give local public notice under subsection (2) —*
    - (a) *where the change of purpose or of proposed use of money has been disclosed in the annual budget of the local government for that financial year; or*
    - (b) *in such other circumstances as are prescribed.*
  - (4) *A change of purpose of, or use of money in, a reserve account is to be disclosed in the annual financial report for the year in which the change occurs.*
  - (5) *Regulations may prescribe the circumstances and the manner in which a local government may set aside money for use for a purpose in a future financial year without the requirement to establish and maintain a reserve account.”*

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 a reduction in the Estimated Surplus position as at 30 June 2018 in the amount of \$250,000; which at this time, subject to there being no adverse activity in the following month, is expected to be a modest surplus in the vicinity of \$500K to \$1M. As has previously been endorsed by Council any remaining Surplus at the end of the financial year would be transferred to the New Infrastructure Development Reserve as part of the 2018/2019 Budget.

**Long Term Financial Plan Implications**

The proposed creation of the above Reserves is in line with the recently adopted LTFP.

**STRATEGIC COMMUNITY OBJECTIVES**

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

**RISK ASSESSMENT**

This report outlines the potential establishment of reserve accounts. Reserve accounts are used to hold monies for future expenditure relating to a specific purpose. Therefore the proposed reserve accounts seek to ensure the risk associated with the future funding of specific obligations is reduced.

**CONSULTATION**

Consultation has occurred with the appropriate City of Busselton officers and during the LTFP and Draft Budget workshops with Council.

**OFFICER COMMENT**

The Officer recommends the requested creation of Reserve accounts and Budget Amendments to the Finance Committee for consideration and recommendation to Council, noting that the requested amendments are in line with the 2018/2019 Draft Budget.

**CONCLUSION**

Council's approval is sought to create three (3) new Reserves and amend the 2017/2018 Budget as per the details contained in this report.

**OPTIONS**

The Council could decide not to go ahead with any or all of the proposed new Reserve accounts or Budget amendment requests.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

Should the Officer Recommendation be endorsed, the associated budget amendment will be processed by 30 June 2018.

**COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION****F1806/047**

Moved Councillor G Henley, seconded Councillor R Bennett

**ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED**

That the Council endorse:

1. The creation of the following Reserve accounts:
  - **Emergency Disaster Recovery Reserve**  
Purpose: To provide funds for Disaster Recovery activities within the district.
  - **Energy Sustainability Reserve,**  
Purpose: To provide funds for the investigation, implementation and optimisation of Energy Sustainability initiatives on City owned assets.
  - **Cemetery Reserve.**  
Purpose: To provide funding for the renewal, expansion/establishment and major maintenance and initiatives of Cemeteries within the district.
2. The following Transfers to Reserve to occur from the 2017/2018 Surplus position:
  - **Emergency Disaster Recovery Reserve \$50,000**
  - **Energy Sustainability Reserve \$100,000**
  - **Cemetery Reserve \$100,000**

**CARRIED 4/0**

6.6 ENDORSEMENT OF RESERVES AND RESERVE PURPOSES FOR THE 2018/19 ANNUAL BUDGET

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

Note: The Committee Unanimously accepted the report as a late item.

**PRÉCIS**

This report seeks recommendation of the Finance Committee to Council for the endorsement of Reserve accounts and Reserve purposes for new and existing Reserves for inclusion in the Draft 2018/2019 Budget.

**BACKGROUND**

During the Long Term Financial Plan (LTFP) and Draft Budget workshops with Council, a number of changes to reserve accounts were identified. This item requests creation of new reserves and endorsement of the Purposes for new and existing Reserves in accordance with those discussions.

As there is a large number of Reserves these have been detail in attachment "A" to this report.

**STATUTORY ENVIRONMENT**

Section 6.11 of the Local Government Act 1995 the manner in which a local government may establish and maintain a reserve account.

**"6.11. Reserve accounts"**

- (1) *Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.*
- (2) *Subject to subsection (3), before a local government —*
  - (a) *changes\* the purpose of a reserve account; or*
  - (b) *uses\* the money in a reserve account for another purpose,**it must give one month's local public notice of the proposed change of purpose or proposed use.*

*\* Absolute majority required.*
- (3) *A local government is not required to give local public notice under subsection (2) —*
  - (a) *where the change of purpose or of proposed use of money has been disclosed in the annual budget of the local government for that financial year; or*
  - (b) *in such other circumstances as are prescribed.*
- (4) *A change of purpose of, or use of money in, a reserve account is to be disclosed in the annual financial report for the year in which the change occurs.*



- (5) *Regulations may prescribe the circumstances and the manner in which a local government may set aside money for use for a purpose in a future financial year without the requirement to establish and maintain a reserve account."*

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**

The LTFP has identified a number of Reserves that are required to be established to meet our current and ongoing needs.

## **FINANCIAL IMPLICATIONS**

Nil. The proposed creation of Reserves and Purposes is in line with both the recently adopted LTFP and 2018/2019 Draft Budget Workshop outcomes.

### **Long Term Financial Plan Implications**

The proposed creation of Reserves and Purposes is in line with the current LTFP.

## **STRATEGIC COMMUNITY OBJECTIVES**

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

## **RISK ASSESSMENT**

This report outlines the potential establishment of reserve accounts. Reserve accounts are used to hold monies for future expenditure relating to a specific purpose. Therefore the proposed reserve accounts seek to ensure the risk associated with the future funding of specific obligations is reduced.

## **CONSULTATION**

Consultation has occurred with the appropriate City of Busselton officers and during the LTFP and Draft Budget workshops with Council.

## **OFFICER COMMENT**

The reserves and purposes as indicated within attachment A allow the City to plan its expenditure both now and into the future. It allows for the City to meet its asset management commitments and service provision.

## **CONCLUSION**

The Officer recommends the endorsement of the new reserves and reserve purposes noting these are in line with both the recently adopted LTFP and 2018/2019 Draft Budget Workshop outcomes.

**OPTIONS**

The Council could decide not to go ahead with any or all of the proposed new reserves and endorsement of the Purposes for new and existing Reserves.

**TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

Should the Officer Recommendation be endorsed, the associated Reserves and purposes will be incorporated in the Draft 2018/2019 Draft Budget.

**OFFICER RECOMMENDATION****ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED**

That the Council endorse the Reserves and Reserve purposes for new and existing Reserves as contained in attachment "A" to this report for inclusion in the 2018/19 Annual Budget.

**COMMITTEE RECOMMENDATION****F1806/048**

Moved Councillor R Reekie, seconded Councillor G Henley

**ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED**

That the Council endorse the Reserves and Reserve purposes for new and existing Reserves as contained in attachment "A" to this report for inclusion in the 2018/19 Annual Budget including suggested minor wording amendments.

**CARRIED 4/0**

**7. GENERAL DISCUSSION ITEMS**

Nil

**8. NEXT MEETING DATE**

Thursday, 19 July 2018

**9. CLOSURE**

The meeting closed at 10.51am.

THESE MINUTES CONSISTING OF PAGES 1 TO 27 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 19 JULY 2018.

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