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CITY OF BUSSELTON

MINUTES FOR THE FINANCE COMMITTEE MEETING HELD ON 2 FEBRUARY 2017

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MINUTES

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN MEETING ROOM 1, COMMUNITY RESOURCE CENTRE, 21 CAMMILLERI STREET, BUSSELTON, ON 2 FEBRUARY 2017 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 John McCallum

Members:

Cr Grant Henley Mayor (until 10.20am)
Cr Rob Bennett
Cr Paul Carter (from 9.40am)
Cr Gordon Bleechmore

Officers:

Mr Cliff Frewing, Director, Finance and Corporate Services (from 9.32am)
Mr Kim Dolzadelli, Manager, Finance Services
Mr Dan Hall, Asset Coordinator
Mr David Whitfield, Rates Coordinator
Mr Barrie Naylor, Asset Management Officer (from 9.40am)
Ms Leigh Sly, Executive Assistant to the CEO (from 9.40am)

Apologies

Cr Terry Best

Approved Leave of Absence

Nil

3. PUBLIC QUESTION TIME

Nil

4. DISCLOSURE OF INTERESTS

Cr McCallum Declared an impartiality Interest in item 6.7 DDCC as he is a member of the club.

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Finance Committee Meeting held 8 December 2016

The Minutes were not discussed at this time and will be resubmitted for the 2 March 2017 meeting.

6. REPORTS

6.1 FINANCE COMMITTEE INFORMATION BULLETIN - NOVEMBER/ DECEMBER 2016

SUBJECT INDEX:	Councillors' Information
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Executive Services
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli Asset Coordinator - Daniel Hall Councillor Support Officer - Lisa Haste
AUTHORISING OFFICER:	Acting Director, Finance and Corporate Services - Sarah Pierson
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

This report provides an overview of information that is considered of relevance to members of the Finance Committee, and also the Council.

INFORMATION BULLETIN

1. Chief Executive Officer – Corporate Credit Card

Details of monthly 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
27-Oct-16	\$219.05	Hiroshimaeapotokotsuu Kad	Hiroshima Taxi
28-Oct-16	\$17.45	Hirokotakushi Kado	Hiroshima Taxi
29-Oct-16	\$455.19	Ana Crowne Plaza, Hiroshima	Accommodation & Meals Sugito Trip
29-Oct-16	\$340.98	Ginmasa Ginzasukiyabashis	Meals Sugito Trip
29-Oct-16	\$678.70	West Japan Railway Co	2 X Train Hiroshima To Tokyo
30-Oct-16	\$1,151.06	Imperial Hotel, Tokyo	Accommodation and Meals Sugito Trip
31-Oct-16	\$277.11	Createsend/Jack In The Box	Bay To Bay - Busselton Foreshore Focus Oct 2016
02-Nov-16	\$121.43	Ana Crowne Plaza, Narita Chiba	Accommodation & Meals Sugito Trip
11-Nov-16	\$391.06	Esplanade, Fremantle	Accommodation : LGMA State Conference
11-Nov-16	\$104.00	Esplanade, Fremantle	Accommodation : LGMA State Conference
11-Nov-16	\$178.29	Esplanade, Fremantle	Accommodation : LGMA State Conference
11-Nov-16	\$371.49	Central Plaza Hotel, Toowoomba	Accommodation: National Roads Conference
12-Nov-16	\$746.03	Quest Apt Launceston	Accommodation: ICTC Society Conference
12-Nov-16	\$23.10	The Goose Bar	Meeting With Minister Jacobs
21-Nov-16	\$140.30	Trybooking	Sundowner With Mark McGowan
29-Nov-16	\$17.50	Al Forno	Meeting - City Of Bunbury & Mayor
02-Dec-16	\$280.30	Createsend/ Jack In The Box	Email Bay To Bay November/ December 2016
02-Dec-16	\$620.97	Mantra Geraldton	Accommodation: LGCOG Conference
14-Dec-16	\$1,277.45	Australian Coastal Councils	2017 Council Conference

Date	Amount	Payee	Description
14-Dec-16	\$23.89	Mayors For Peace	Membership (2000 Yen)
15-Dec-16	\$2,893.00	Caves House Hotel	Councillors' Christmas Dinner Drinks
20-Dec-16	\$167.00	The Fire Station, Busselton	Governance & Major Projects Food & Drinks
20-Dec-16	\$46.50	The Fire Station, Busselton	Governance & Major Projects Food & Drinks

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

◆ Allocated against CEO Hospitality Expenses Allowance

+ Funds debited against the Airport Development Fund

2. Voluntary Contributions/Donations (Income)

At its meeting of 22 September 2010, the Council adopted (C1009/329) its Voluntary Contributions/Donations Policy. This Policy requires that the Finance Committee be informed (via an information only bulletin) of any instances whereby voluntary contributions/ donations are approved by the Chief Executive Officer or jointly by the Mayor and Chief Executive Officer.

No voluntary contributions have been approved this financial year to date.

3. Donations/Contributions and Subsidies Fund (Sponsorship Fund – Payment of Funds)

Council resolved in April 2010 (C1004/132) a move towards a tiered system of funding and following the 6 October 2011 Finance Committee meeting, it was recommended to Council that the delegation to determine the allocations of sponsorship and donations from the sponsorship fund be revoked and be returned to the Chief Executive Officer to enable a more timely turnaround of sponsorship applications.

Current expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) reveals:

- 63 applications for sponsorship have been received during this financial year.
- The average donation approved for the financial year is \$277.60
- There were 9 applications for sponsorship received or assessed during November and December 2016.
- Expenditure from the Donations, Contributions and Subsidies Fund (Sponsorship Fund) for the financial year totals \$17,490.50
- Total budget for the Donations, Contributions and Subsidies Fund (Sponsorship Fund) is \$37,450.

App. No.	Recipient	Purpose	Amount
55/1617	Emma Cattlin	Representing WA at the Australian Junior Surfing Titles in Phillip Island. Funds to assist with flights, accommodation etc	\$200
56/1617	Dunsborough Arts Society	Annual art exhibition held in January 2017, funds to assist with prizes and hall hire	\$400
57/1617	Civic Reception - Festival Queens	Event venue hire at Artgeo for Civic reception for the Festival Queens - funds transfer	\$342
58/1617	Kai Colman	Representing WA at various Sailing competitions around Australia	\$200
59/1617	Hopeful Heroes Relay for Life Team	Requested funding to cover hall hire costs for Relay for Life fundraiser	\$0
60/1617	WA Rover Owners Car Club Inc - SW Branch	Requested funding to assist with costs for the British Auto Classic. The Club has already received \$1000 for the National Rove Weekend in October.	\$0

App. No.	Recipient	Purpose	Amount
61/1617	Busselton City FC	Seeking funds to put into a trust account to help subsidise playing fees for the youth. Does not meet guidelines	\$0
62/1617	Dungbeetles Rugby Union Club	21st Anniversary celebrations. Hosting four Perth teams for an exhibition match. Funds to assist with associated costs for the celebrations.	\$400
63/1617	Busselton Wildflower Exhibition	Annual Wildflower Exhibition bringing local and interstate visitors, showcasing the South West and educating the public on Dieback.	\$800

Asset Management Report

Donated Assets

As of December 2016, the City has received approx. \$6.5M in donated assets. This amount includes roads, footpaths, drains, and landscaping, signage and other assets associated with the roads. Of the \$6.5M, \$3.3M is attributed to roads, \$500,000 for footpaths, \$1M for drainage and \$1.7M for landscaping and other assets.

These assets are mainly associated with subdivisions at Dawson Estate and Dunsborough Lakes as well as sections of the old Bussell Highway, resulting from the extension of the Bussell Highway bypass.

The landscaping assets that were built as part of the Port Geographe Reconfiguration Project are also due to be taken on by the City in 2016/17. This is due to occur in May 2017 and includes two ablution blocks, picnic areas and playgrounds, lighting, turf and gardens areas and paths, fencing and boardwalk. The total estimated replacement value of these assets is \$4M.

This process will allow for a formal transfer of the assets from the Department of Transport asset register to City of Busselton.

As a comparison, the total donated assets recorded for the 2015/16 financial year was \$9.2M, and we are well on track to exceed this figure in 2016/17.

Committee Decision

F1702/001 Moved Councillor G Henley, seconded Councillor G Bleechmore

That the Finance Committee notes the Finance Committee Information Bulletin for the months of November and December 2016.

CARRIED 4/0

6.2 LIST OF PAYMENTS MADE - NOVEMBER 2016

SUBJECT INDEX:	Financial Operations
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Financial Services
ACTIVITY UNIT:	Finance
REPORTING OFFICER:	Strategic Financial Plan Accountant - Stuart Wells
AUTHORISING OFFICER:	Acting Director, Finance and Corporate Services - Sarah Pierson
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A List of Payments Made - November 2016

PRÉCIS

This report provides details of payments made from the City's bank accounts for the month of November 2016, 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

NA.

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – 'Open and Collaborative Leadership' and more specifically Community Objective 6.3 – 'An organisation that is managed effectively and achieves positive outcomes for the community'.

RISK ASSESSMENT

NA.

CONSULTATION

NA.

OFFICER COMMENT

NA.

CONCLUSION

NA.

OPTIONS

NA.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

NA.

Committee Recommendation and Officer Recommendation

F1702/002 Moved Councillor P Carter, seconded Councillor G Bleechmore

That the Council notes payment of voucher numbers M113616 – M113735, EF049140 – EF049603, T007292 – T007306, and DD002922 – DD002953; together totaling \$8,095,731.07.

CARRIED 4/0

6.3 LIST OF PAYMENTS MADE - DECEMBER 2016

SUBJECT INDEX:	Financial Operations
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Financial Services
ACTIVITY UNIT:	Finance
REPORTING OFFICER:	Strategic Financial Plan Accountant - Stuart Wells
AUTHORISING OFFICER:	Acting Director, Finance and Corporate Services - Sarah Pierson
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A List of Payments Made - December 2016

PRÉCIS

This report provides details of payments made from the City's bank accounts for the month of December 2016, 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

NA.

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – 'Open and Collaborative Leadership' and more specifically Community Objective 6.3 – 'An organisation that is managed effectively and achieves positive outcomes for the community'.

RISK ASSESSMENT

NA.

CONSULTATION

NA.

OFFICER COMMENT

NA.

CONCLUSION

NA.

OPTIONS

NA.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

NA.

Committee Recommendation and Officer Recommendation

F1702/003 Moved Councillor G Henley, seconded Councillor G Bleechmore

That the Council notes payment of voucher numbers M113736 – M113835, EF049604 – EF050223, T007307 – T007310, and DD002954 – DD002981; together totaling \$36,372,525.62.

CARRIED 4/0

6.4 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 30 NOVEMBER 2016

SUBJECT INDEX:	Budget Planning and Reporting
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Financial Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Strategic Financial Plan Accountant - Stuart Wells
AUTHORISING OFFICER:	Acting Director, Finance and Corporate Services - Sarah Pierson
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Financial Activity Statements - November 2016 Attachment B Investment Report - November 2016

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 2016.

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 21 July 2016, the Council adopted (C1607/160) the following material variance reporting threshold for the 2016/17 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 2016/17 financial year to comprise 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.

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

As above.

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – ‘Open and Collaborative Leadership’ and more specifically Community Objective 6.3 - ‘An organisation that is managed effectively and achieves positive outcomes for the community’. 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 30 NOVEMBER 2016

Operating Activity

▪ Operating Revenue

As at 30 November 2016, there is a variance of 2.26% (+\$1,331K) in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Operating Grants, Subsidies and Contributions	+41%	+\$664
Other Revenue	+34%	+\$49
Interest Earnings	+46%	+\$572
Profit on Asset Disposals	+104%	+\$9

Operating Grants, Subsidies and Contribution (+\$664K)

- BJECA contributions are ahead of year to date budget by +\$367k. A half yearly Busselton Jetty (BJECA) contribution was recorded in October, whilst the budget has the first amount being receipted in December 2016. This variance is timing in nature only and will correct in December.
- Fire prevention DFES receipts are ahead of budget by +\$154k. +\$70k of this total is a permanent difference caused by a refund from DFES for 2015/16 over expenditure incurred by the City of Busselton. +\$65k is due to a timing difference relating to early receipt of 2016/17 funds in 2015/16. This will correct in June 2017. The remaining \$19k is a timing adjustment relating to quarterly contributions with two quarterly payments having been received against a budget of only one. The will correct in December month end.
- Airport Operations is ahead of year to date budget by +\$46k. This is a timing variance and will correct in December.
- Meelup Regional Park is ahead of budget by +\$27k. This is a permanent difference where 2015/16 funds received in 2016/17 from Coastwest will incur offsetting expenditure.
- Environmental Implement Management Plans is ahead of budget by +\$17k. +\$14k of this variance is a permanent difference where 2015/16 funds were received in 2016/17 from South West Catchment Council and will result in a corresponding increase in expenditure. The remaining +\$3k difference is timing related due to the total budget being divided by twelve months and actual receipts not being received in equal monthly amounts. This timing variance will correct itself by June 2017.

- Civic and Administration Centre Construction has recorded revenue of \$19k against a full year budget of nil, resulting in a +\$19k variance for the year. This revenue is a charge to MCG Architects for additional re-engineering costs over and above what was included in the initial tender from BGC for the same, with additional costs expected to be split equally between BGC, MCG Architects and the City of Busselton. The amount is offset by additional costs relating to the construction cost of the Civic and Administration Centre building.
- Operation Services Works is ahead of budget by +\$29k. This is due to workers compensation receipts currently tracking ahead of budget. Usually this is offset by increased salaries and wages as the person on compensation is generally replaced.
- Community Assistance Fund is ahead of budget by +\$15K. This is due to an unbudgeted amount being received from Perron Developments for construction of an acoustic wall associated with Vasse Newtown and will be offset by an equivalent expenditure amount.
- Property and Business Development is ahead of budget by +\$15k. \$20k has been received against a budget of \$5k year to date. This is due to the receipt of monies from Regional Centres Development Fund relating to preparatory work. The adjustment is timing in nature only.
- Railway House is ahead of budget by +\$10k. \$10k has been invoiced to Margaret River Busselton Tourism Association for Railway House variations requested. This will be offset by a corresponding increase in expenditure, with no impact to municipal funds.
- Other recycling is ahead of budget by \$13k. This is a permanent difference and relates to grants received for Busselton beverage container recycling program. This was budgeted to be received in 2015/16 but has been received in the 2016/17 financial year.
- Miscellaneous Bridge Maintenance receipts are behind budget by -\$70k. This is timing in nature only and will correct by June 30, 2017.

Other Revenue (+\$49K)

- Parking Control is ahead of year to date budget by +13k. Based on current trends it is likely collection of fines will be ahead of budget for the full year.
- Animal Control is favourable against budget by +\$4k. Based on current trends it is likely collection of fines will be ahead of budget for the full year. This variance has however reduced during November.
- Busselton Transfer Station and Dunsborough Waste Facility are favourable against budget by +\$14k. This is due to sales of scrap and recyclable materials currently trending ahead of budget. Any variance is transferred to the waste reserve at the end of the year with no impact to overall municipal surplus/(deficit) position.
- Busselton and Dunsborough Cemeteries are currently +\$4k ahead of budget due to sale of memorialisation stock. This is expected to be a timing difference only.
- Receipts of unbudgeted long service leave amounting to +\$16k. The amount will be offset by a corresponding expenditure amount at the time the leave is taken, therefore no impact to the overall surplus/(deficit) position.
- Sale of Artworks +\$4k. These amounts result in a liability and expense being paid at a later date to the artist concerned. Therefore timing difference only
- Mayoral breakfast registration fees were +\$1k ahead of budget. Any excess funds resulting from the hosting of the breakfast are donated to charity and subsequently offset by an increase in expenditure.
- Public Relations sale of number plates are +\$1k ahead of budget. Based on the current trend it is likely this will exceed budget for the full year, however the trend has reduced in November.
- Bush Fire Acts fines and costs are +\$2k ahead of budget. Budget for the full year is \$45k against actual receipts to date of \$2k, so likely only timing in nature.

- Building Services is +\$2k ahead of budget due to sale of building lists to external third parties exceeding budget by the same amount. Based on current trends this will exceed budget for the full year.
- NCC Standpipe is -\$8k behind budget due to sale of water because of a timing difference. The budget assumed monthly receipts however they will be received bi-annually.
- Other Law, Order and Public Safety, local government act fines and costs is trending below budget by -\$6k. Likely to not meet full year budget targets based on actuals to date.

Interest Earnings (+\$572K)

- Interest on municipal funds +\$57k.
- Interest on reserve funds +\$51k.
- Interest on restricted funds +\$438k.
- Late payment interest on rates +\$26k.

Profit on Asset Disposals (+\$9K)

- Sales of the CEO's Toyota Prado +\$12k. It was budgeted the vehicle would be sold at its book value but +\$12k more than budget was received.
- Fibreglass Water Leeder Tank +4k. This was an insurance receipt received equal to the replacement value of the tank broken, resulting in a profit on sale of +\$4k.
- Other smaller items not budgeted to be sold amounting to +\$1k which were unbudgeted.
- Offset against this is the sale of a number of items which are yet to occur amounting to -\$8k. The adjustments are timing in nature only.

▪ Operating Expenditure

As at 30 November 2016, there is a variance of +1% (+\$394K) in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Materials and Contracts	+12%	+\$716
Utilities	+12%	+\$119
Allocations	-29%	-\$243
Loss on Asset Disposals	-789%	-\$48

Materials and Contracts (+\$716K)

- By directorate, materials and contracts is showing the following variances at 30 November 2016;
 - Engineering and Works Services +\$401k
 - Community and Commercial Services +\$326k
 - Finance and Corporate Services -18K
 - Planning and Development Services -\$16k
 - Executive Services +\$23K
- From a natural account perspective the variances are predominantly attributable to contractors +\$475k, Consultants +\$239k, Information Technology related -\$59k and Fuels, Oils and Grease +\$62k. Of those variances it is only Fuel, Oils and Grease that is likely to result in a permanent difference for the full year at this stage if fuel prices remain stable at current levels.

Utilities (+\$119K)

- The predominant variance for utilities relates to water +\$110k. This variance is a timing variance related to the irregular way in which water invoices are received.

Allocations (-\$243K)

- This activity incorporates numerous internal accounting allocations. The first component is Activity Based Costing (ABC) allocations where allocations are based on actual costs. The second component is the overhead allocations whereby the monthly charges are based on budget. The -\$243k variance is a timing variance that reflects an under allocation at 30 November. It is expected this will correct by end of the financial year.

Loss on Asset Disposals (-\$48K)

- The loss on asset disposals relates to numerous items of plant and equipment sold in the first four months of the financial year. The loss represents the difference between the book value of the assets and the amounts received in cash for those assets sold. The variance of -\$48k between actual and budget is considered to be timing related at this stage due to no loss on sale being budgeted in the first four months of the year.

Capital Activity

- Capital Revenue

As at 30 November 2016, there is a variance of -17% (-\$4,878K) in total capital revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Transfer from Reserves	-22%	-\$3,150
Transfer from Restricted Assets	-34%	-\$4,616
Proceeds from New Loans	+100%	+\$3,000
Proceeds from Sale of Assets	-46%	-\$106
Self-Supporting Loans	-24%	-\$5

Transfer from Reserves (-\$3,150K)

- Timing difference relating to use of the Civic and Administration Centre Construction Reserve (-\$2,900K). Offset by an equivalent amount under capital expenditure. No impact to net current position.
- Community Development contribution reserve (-\$250K). Budget included \$250k spent on Milne Street Pavilion in November which has not yet occurred. This is timing in nature only and will correct by June 2017.

Transfer from Restricted Assets (-\$4,616K)

- Timing difference relating to use of Airport and Foreshore grants -\$12,000k and -\$1,500k relating to the foreshore works. No impact to net current position.
- Movement of Community and Rec Facilities +\$7,323k, Vasse Diversion Drain +\$383k, Drainage held in Restricted Assets +\$211k, Aged Housing +\$846k from restricted assets into reserves. These movements were budgeted to occur in June 2017 but have occurred in October and are timing in nature only. No impact to net current position.

Proceeds from Sale of Assets (-\$106K)

- Proceeds from sale of assets, includes timing differences of -\$153k and permanent differences of +\$47k. Of the permanent differences, +\$12k relates to additional funds received for sale of Toyota Prado offset by shortfall of funds against Ford Kuga -\$5k, Mitsubishi Challenger -\$3k with the remainder +\$43k being a number of smaller items which were not budgeted to be sold during the year.

- Capital Expenditure

As at 30 November 2016, there is a variance of 37% (+\$21,621K) in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Land and Buildings	+41%	+\$4,971
Plant and Equipment	+65%	+\$641
Furniture and Equipment	+34%	+\$125
Infrastructure	+77%	+\$20,290
Transfers to Restricted Assets	-727%	-\$3,758

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

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

All capital expenditure variances are considered to be a timing adjustment at this time, with no impact expected against the net current position.

Transfers to Restricted Assets (-\$3,758K)

The transfers to restricted assets budget comprises an estimation of funds that could potentially be received during the financial year, primarily from developer contributions. Due to the nature of the category, the annual budget allocation is spread evenly throughout the financial year. The performance in this activity does not have any direct impact on the surplus/deficit position, as whilst recognised as operating revenue upon receipt, these funds are subsequently quarantined to restricted assets, essentially offsetting the initial transaction. Furthermore, the transfers to restricted assets category also include the payment of bonds and deposits, where no specific budget allocation is made for these funds.

The unfavourable financial year to date variance of -\$3,758k is primarily attributable to the receipt of Cash in Lieu – Parking -\$120k, Bonds and Deposit -\$84k receipt of interest in excess of budget attributable to the airport grant -\$572k and Unspent Loan funds -\$3,000k.

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 30 November 2016, the value of the City's invested funds totalled \$129.4M, increasing from \$126.3M as at 1st November. The increase is principally due to the receipt of loan funds in the amount of \$3.0M being received for the Foreshore Development. These funds have been deposited into the 11am account at this time.

During the month of November \$21.5M in term deposit funds matured. All deposits were renegotiated, for an average of 140 days at an average rate of 2.67% (up from 2.60% in October).

Deposits held at the WATC in the amount of \$31M matured on 30 November. The funds were transferred to the WATC Cash A/c on a temporary basis pending official approval to draw down the funds in early December.

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 \$3.0M with the deposit of the Foreshore Loan Funds.

The RBA left official rates on hold during November and December. Future rate movements are unclear at this stage, however further cuts are not expected at this point in time.

Please refer to Attachment B for further information.

CONCLUSION

As at 30 November 2016, the City's financial performance is considered satisfactory. Whilst current variances exist in some operational areas, these are primarily due to timing differences, and if not timing are not material in nature or are transactions that have no direct impact on the Net Current Position. Trends identified that could lead to permanent differences will continue to be monitored in future periods to ensure corrective action is taken in a timely manner if required.

Whilst acknowledging capital is presently tracking below year to date budget estimates, this is also seen to be attributable to timing differences at this time. There is no indication at this time of any material cost overruns on any capital items in this year's budget.

OPTIONS

The Council may determine not to receive the statutory financial activity statement reports.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Reports are received as at the date of the relevant Council meeting

Committee Recommendation and Officer Recommendation

F1702/004 Moved Councillor G Bleechmore, seconded Councillor P Carter

That the Council receives the statutory financial activity statement reports for the period ending 30 November 2016, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

CARRIED 4/0

6.5 FINANCIAL ACTIVITY STATEMENTS - PERIOD ENDING 31 DECEMBER 2016

SUBJECT INDEX:	Budget Planning and Reporting
STRATEGIC OBJECTIVE:	An organisation that is managed effectively and achieves positive outcomes for the community.
BUSINESS UNIT:	Financial Services
ACTIVITY UNIT:	Financial Services
REPORTING OFFICER:	Strategic Financial Plan Accountant - Stuart Wells
AUTHORISING OFFICER:	Acting Director, Finance and Corporate Services - Sarah Pierson
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Financial Activity Statements - December 2016 Attachment B Investment Report - December 2016

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 December 2016.

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 21 July 2016, the Council adopted (C1607/160) the following material variance reporting threshold for the 2016/17 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 2016/17 financial year to comprise 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.

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

As above.

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – ‘Open and Collaborative Leadership’ and more specifically Community Objective 6.3 - ‘An organisation that is managed effectively and achieves positive outcomes for the community’. 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 2016

Operating Activity

▪ Operating Revenue

As at 31 December 2016, there is a variance of -0.67% (-\$418K) in total operating revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Other Revenue	+26%	+\$45
Interest Earnings	+38%	+\$557
Non-Operating Grants Subsidies and Contributions	-20%	-\$1,061
Profit on Asset Disposals	+103%	+\$10

Other Revenue (+\$45K)

- Parking Control is ahead of year to date budget by +15k. This variance continues to increase on a month by month basis indicative of a permanent difference.
- Animal Control is favourable against budget by +\$3k. The variance has been decreasing over the last two months and is more than likely a timing difference.
- Busselton Transfer Station and Dunsborough Waste Facility are favourable against budget by +\$18k. This is due to sales of scrap and recyclable materials currently trending ahead of budget. Any variance is transferred to waste reserve at the end of the year with no impact to overall municipal surplus/(deficit) position.
- Busselton and Dunsborough Cemeteries currently +\$4k ahead of budget due to sale of memorialisation stock. This is expected to be a timing difference only.
- Receipts of unbudgeted long service leave amounting to +\$16k. The amount will be offset by a corresponding expenditure amount at the time the leave is taken, therefore no impact to the overall surplus/(deficit) position.
- Sale of Artworks +\$2k. These amounts result in a liability and expense being paid at a later date to the artist concerned. Therefore timing difference only
- Mayoral breakfast registration fees were +\$1k ahead of budget. Any excess funds resulting from the hosting of the breakfast are donated to charity and subsequently offset by an increase in expenditure.
- Public Relations sale of number plates are +\$1k ahead of budget. Based on the current trend it is likely this will exceed budget for the full year, however the trend has reduced in December.
- Bush Fire Acts fines and costs are -\$2k ahead of budget. Budget for the full year is \$45k against actual receipts to date of \$3k.
- Building Services is +\$2k ahead of budget due to sale of building lists to external third parties exceeding budget by the same amount. Based on current trends this will exceed budget for the full year.

- NCC Standpipe is -\$10k behind budget due to sale of water because of a timing difference. The budget assumed monthly receipts however they will be received bi-annually.
- Other Law, Order and Public Safety, local government act fines and costs is trending below budget by -\$6k. Likely to not meet full year budget targets based on actuals to date.

Interest Earnings (+\$557K)

- Interest on municipal funds +\$66k.
- Interest on reserve funds +\$57k.
- Interest on restricted funds +\$407k.
- Late payment interest on rates +\$27k.

Non-Operating Grants, Subsidies and Contributions (-\$1,061K)

- There are a number of items that make up the current year to date variance. All variances are timing related except:
 - Foreshore East Youth Precinct (Skate Park & Adventure Playground). An accrual was raised for a Lotterywest grant in the 2015/16 financial year equal to \$613k. In the 2016/17 financial year only \$480k has been received. This leaves a current budget shortfall of \$133k. The shortfall is subject to ongoing discussions between the City of Busselton and Lotterywest.

Profit on Asset Disposals (+\$10K)

- Sales of the CEO's Toyota Prado +\$12k. It was budgeted the vehicle would be sold at its book value but +\$12k more than budget was received.
- Fiberglass Water Leeder Tank +4k. This was an insurance receipt received equal to the replacement value of the tank broken, resulting in a profit on sale of +\$4k.
- Other smaller items not budgeted to be sold amounting to +\$6k which were unbudgeted.
- Offset against this is the sale of a number of items which are yet to occur or items that were budgeted to be sold at a profit and ended up being sold at a loss amounting to -\$12k.

▪ Operating Expenditure

As at 31 December 2016, there is a variance of +5% (+\$1,472K) in total operating expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Materials and Contracts	+16%	+\$1,206
Utilities	+21%	+\$248
Other Expenditure	+26%	+\$409
Allocations	-20%	-\$211
Loss on Asset Disposals	-1,603%	-\$97

Materials and Contracts (+\$1,206K)

- By directorate, materials and contracts is showing the following variances at 31 December 2016;
 - Engineering and Works Services +\$678k
 - Community and Commercial Services +\$402k
 - Finance and Corporate Services +\$9K
 - Planning and Development Services +\$49k
 - Executive Services +\$68K
- From a natural account perspective the variances are predominantly attributable to contractors +\$521k, Consultants +\$537k and Fuels, Oils and Grease +\$58k. Of those variances it is only Fuel, Oils and Grease that is likely to result in a permanent difference for the full year at this stage if

fuel prices remain stable at current levels. This variance has however reduced over the last few months.

Utilities (+\$248K)

- The predominant variance for utilities relates to water +\$121k and electricity +\$123k. This variance is a timing variance related to the irregular way in which water and electricity invoices are received.

Allocations (-\$211K)

- This activity incorporates numerous internal accounting allocations. The first component is Activity Based Costing (ABC) allocations where allocations are based on actual costs. The second component is the overhead allocations whereby the monthly charges are based on budget. The -\$211k variance is a timing variance that reflects an under allocation at 31 December. It is expected this will correct by end of the financial year.

Loss on Asset Disposals (-\$97K)

- The loss on asset disposals relates to numerous items of plant and equipment sold in the first four months of the financial year. The loss represents the difference between the book value of the assets and the amounts received in cash for those assets sold. The variance of -\$97k is mostly considered permanent as it relates to items that were either budgeted to be sold at a profit or smaller items that were not budgeted to be sold.

Capital Activity

▪ Capital Revenue

As at 31 December 2016, there is a variance of -34% (-\$12,685K) in total capital revenue, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Transfer from Reserves	-24%	-\$3,950
Transfer from Restricted Assets	-48%	-\$8,601
Proceeds from Sale of Assets	-47%	-\$123
Self-Supporting Loans	-24%	-\$11k

Transfer from Reserves (-\$3,950K)

- Timing difference relating to use of the Civic and Administration Centre Construction Reserve (-\$4,900K). Offset by an increase in use of Infrastructure Asset Renewal Reserve (+\$1,200k) for the same period. These are both timing in nature only.
- Community Development contribution reserve (-\$250K). Budget included \$250k spent on Milne Street Pavilion in November which has not yet occurred. This is timing in nature only and will correct by June 2017.

Transfer from Restricted Assets (-\$8,601K)

- Timing difference relating to use of Airport and Foreshore grants -\$15,000k and -\$3,000k relating to the foreshore works. No impact to net current position.
- Movement of Community and Rec Facilities +\$7,323k, Vasse Diversion Drain +\$383k, Drainage held in Restricted Assets +\$211k, Aged Housing +\$846k from restricted assets into reserves. These movements were budgeted to occur in June 2017 but have occurred in October and are timing in nature only. No impact to net current position.
- Bonds and Deposits (+\$634k) not budgeted. Timing in nature only as held on behalf of other entities and individuals.

Proceeds from Sale of Assets (-\$123K)

- Proceeds from sale of assets, includes timing differences of -\$168k and permanent differences of +\$45k. Of the permanent differences, +\$12k relates to additional funds received for sale of Toyota Prado, +\$12k insurance refund for fibreglass water tank, +\$9k for Kawasaki Mule and the remainder being a number of smaller plant items or differences in budgeted proceeds and actuals proceeds received.

- Capital Expenditure

As at 31 December 2016, there is a variance of 37% (+\$25,701K) in total capital expenditure, with the following categories exceeding the 10% material variance threshold:

Description	Variance %	Variance \$000's
Land and Buildings	+38%	+\$5,697
Plant and Equipment	+42%	+\$511
Furniture and Equipment	+68%	+\$571
Infrastructure	+73%	+\$23,352
Transfers to Restricted Assets	-606%	-\$3,758

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

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

All capital expenditure variances are considered to be a timing adjustment at this time, with no impact expected against the net current position.

Transfers to Restricted Assets (-\$3,758K)

The transfers to restricted assets budget comprises an estimation of funds that could potentially be received during the financial year, primarily from developer contributions. Due to the nature of the category, the annual budget allocation is spread evenly throughout the financial year. The performance in this activity does not have any direct impact on the surplus/deficit position, as whilst recognised as operating revenue upon receipt, these funds are subsequently quarantined to restricted assets, essentially offsetting the initial transaction. Furthermore, the transfers to restricted assets category also include the payment of bonds and deposits, where no specific budget allocation is made for these funds.

The unfavourable financial year to date variance of -\$3,758k is primarily attributable to the receipt of Cash in Lieu – Parking -\$120k, Bonds and Deposit -\$84k receipt of interest in excess of budget attributable to the airport grant -\$572k and Unspent Loan funds -\$3,000k.

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 December 2016, the value of the City's invested funds totalled \$121.4M, decreasing from \$129.4M as at 1st December. The decrease is due to funds being used for operational purposes, including the Admin Building redevelopment and other major projects.

During the month of December \$8.0M in term deposit funds matured. Two deposits totalling \$3.5M were closed to meet operational cash requirements. A further two deposits totalling \$4.5M were renegotiated, for an average of 120 days at an average rate of 2.65% (down from 2.67% in November).

Having achieved the next contracted milestone, Airport funds in the amount of \$31M were transferred out of the WATC and into City control. Term Deposits totalling \$25M were opened at Westpac, NAB and ANZ banks at an average of 147 days at an average rate of 2.7%. A further \$6M was deposited in the ANZ Cash Account as per Management instructions.

The balance of the 11am account (an intermediary account which offers immediate access to the funds compared to the term deposits and a higher rate of return compared to the cheque account) decreased by \$4.50M with the funds being used to meet operational cash requirements.

The RBA left official rates on hold during December and January. Future rate movements are unclear at this stage, with some institutions suggesting that the current bounce may be short lived and further cuts may be required during the coming year.

Please refer to Attachment B for further information.

CONCLUSION

As at 31 December 2016, the City's financial performance is considered satisfactory. Whilst current variances exist in some operational areas, these are primarily due to timing differences, and if not timing are not material in nature or are transactions that have no direct impact on the Net Current Position. Trends identified that could lead to permanent differences will continue to be monitored in future periods to ensure corrective action is taken in a timely manner if required.

Whilst acknowledging capital is presently tracking below year to date budget estimates, this is also seen to be attributable to timing differences at this time. There continues to be no indication at this time of any material cost overruns on any capital items in this year's budget.

OPTIONS

The Council may determine not to receive the statutory financial activity statement reports.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Reports are received as at the date of the relevant Council meeting

Council Decision and Officer Recommendation

F1702/005

Moved Councillor G Bleechmore, seconded Councillor P Carter

That the Council receives the statutory financial activity statement reports for the period ending 31 December 2016, pursuant to Regulation 34(4) of the Local Government (Financial Management) Regulations.

CARRIED 4/0

10.20am At this time Councillor Henley left the meeting.

6.6 GEOGRAPHE BAY YACHT CLUB - SELF-SUPPORTING LOAN REQUEST

SUBJECT INDEX:

STRATEGIC OBJECTIVE:	A City where the community has access to quality cultural, recreation, leisure facilities and services.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Acting Director, Finance and Corporate Services - Sarah Pierson
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Attachment A GBYC Request for Self-Supporting Loan Attachment B Sheds West Direct Quotation Attachment C Built by S Quotation Attachment D Shed Demolition 1 Attachment E Shed Demolition 2 Attachment F GBYC Balance Sheet December 2016 Attachment G GBYC Profit & Loss Statement May-Dec 2016

PRÉCIS

The Geographe Bay Yacht Club (GBYC) has requested that the City of Busselton provide a Self-Supporting Loan for \$100,000, for a term of 10 years, to provide finance towards the construction of a new boat and equipment storage shed, sail training centre, junior clubhouse and caretakers residence.

BACKGROUND

At its Annual General Meeting held 6 January 2016 the GBYC passed the following motion:

“That construction of the new Boat Storage, Junior Clubrooms and Sail Training Centre building be a high priority for 2016/17 and the Club apply to the City of Busselton and the Department of Sport and Recreation for grant funding.”

The Club’s existing junior clubroom and boat storage facilities are over 50 years old. The building contains asbestos materials, steel support beams are badly corroded and the building has deteriorated to a point where it is well and truly past its “use by” date. Ongoing maintenance on the facilities is costly and amounts to little more than Band-Aid treatment.

The poor quality of the boat storage facilities, which have no doors (they rusted off), does not give adequate weather or security protection for the Club’s training boats and equipment.

The project will entail the demolition of the existing junior clubroom and boat storage facilities, followed by the construction of a new building incorporating a boat and equipment storage shed, a new sail training centre, junior clubhouse and caretakers residence.

At its meeting held 13 April 2016 Council made the following decision:

“Council Decision

C1604/088 Moved Councillor R Bennett, seconded Councillor J McCallum

That the Council:

1. *Enter into a lease, subject to the consent of the Minister for Lands approval, with the Geographe Bay Yacht Club Inc for a portion of Lot 4539, 2 King Street, West Busselton, as shown hatched blue on Attachment A.*
 - a) *The term of the lease commencing 1 July 2016 and expiring 30 June 2026, with the club to be granted a first right of refusal for a further 10 year*

option expiring 30 June 2036, subject to discussions between the City and the club and Council and the City's consideration of community needs at that time.

- b) The annual rent to commence at \$205.00 inclusive of GST with annual rent increase of CPI;*
 - c) The lease is to be consistent with the City's standard community and sporting groups lease agreement with the addition of clauses allowing for an onsite caretaker; and*
 - d) All costs associated with the preparation of the new lease to be met by the Lessee.*
2. *Enter into a licence, subject to the consent of the Minister for Lands approval, with the Geographe Bay Yacht Club Inc for a portion of Lot 4539, 2 King Street, West Busselton, as shown hatched green on Attachment A for a term to coincide with the lease to the Club, which requires the Club to maintain the licensed area.*

CARRIED 7/1"

This lease is still currently being finalised due to land tenure changes. The draft lease includes the following clause with respect to a caretaker's residence:

"USE: (2) Incidental to the primary use stated above, the Lessee may also with the prior written approval of the Lessor and upon such conditions reasonably imposed by the Lessor engage a caretaker to reside on site. Should consent be granted, the Lessee must comply with all conditions of that consent."

The GBYC currently have a caretaker on site in a caravan. The City can only grant up to 12 months approval for this, hence their need to construct a more suitable type of accommodation.

Project Cost

Project Description	\$ Cost ex GST	\$ Cost inc GST	Quote Used
Demolition of old Boat Storage Shed and Junior Clubroom	8,500	9,350	Direct Demolition and Salvage. Quote - 13 July 2016
New Boat Storage/Junior Clubroom/Sail Training Centre/Caretaker Residence	95,569	105,126	Sheds West Direct. Quote - 25 July 2016. Ref Job No.12336 & 12268
New Junior Clubhouse, Training Centre and Caretakers fit out	66,400	73,040	Built by S. Quote – 27 July 2016
GBYC Volunteer labour	28,364	31,200	Erection of the new building. As per Quote from Sheds West Direct – 30 June 2016. Ref 12336
Sub Total	198,833	218,716	
Cost escalation	31,167	34,284	15% escalation
Total project expenditure	230,000	253,000	

Project Income:

CSRFF Grant	\$ 51,750
GBYC Volunteer Labour	\$ 28,250
GBYC Cash Contribution	\$ 50,000
<u>CoB Self Supporting Loan</u>	<u>\$100,000</u>
TOTAL PROJECT INCOME	\$230,000

STATUTORY ENVIRONMENT

Section 6.20 of the Local Government Act 1995 – “Power to Borrow”

“6.20. Power to borrow

(1) *Subject to this Act, a local government may —*

- (a) *borrow or re-borrow money; or*
- (b) *obtain credit; or*
- (c) *arrange for financial accommodation to be extended to the local government in ways additional to or other than borrowing money or obtaining credit,*

to enable the local government to perform the functions and exercise the powers conferred on it under this Act or any other written law.

(2) *Where, in any financial year, a local government proposes to exercise a power under subsection (1) (**power to borrow**) and details of that proposal have not been included in the annual budget for that financial year —*

- (a) *unless the proposal is of a prescribed kind, the local government must give one month’s local public notice of the proposal; and*
- (b) *the resolution to exercise that power is to be by absolute majority.*

(3) *Where a local government has exercised a power to borrow and —*

- (a) *it does not wish to proceed with the performance of the function or the exercise of the power for which the power to borrow was exercised; or*
- (b) *after having completed the performance of the function or the exercise of the power for which the power to borrow was exercised, any part of the money borrowed, credit obtained or financial accommodation arranged has not been expended or utilized,*

the local government may resolve to expend the money or utilize the credit or financial accommodation for another purpose if one month’s local public notice is given of the proposed change of purpose.*

** Absolute majority required.”*

RELEVANT PLANS AND POLICIES

The City of Busselton Strategic Community Plan 2013 (Review 2015).

FINANCIAL IMPLICATIONS

Any Self-supporting loan is self-funded and will have no impact on Councils current Municipal Budget or Long Term Financial Plan.

Long-term Financial Plan Implications

As above.

STRATEGIC COMMUNITY OBJECTIVES**Key Goal Area 2:**

Well Planned, Vibrant and Active Places:

Our Community Objectives are:

2.1 A City where the community has access to quality cultural, recreation, leisure facilities and services.

Council strategies to support achievement of community objectives -

- > Enhance our foreshores and reserves to provide a place where people can come together and engage in a range of social and recreational activity, and
- > Ensure our sporting and recreational facilities meet the needs of our growing community.

RISK ASSESSMENT

The GBYC has a 15% cost escalation included in its proposal which is seen as an appropriate sum to effectively limit any financial risks that may be associated with the project. The Club also has a proven track record with respect to repayment of Self-Supporting loans taken through the City.

CONSULTATION

A Special General Meeting of GBYC members has been called for Wed 1 February 2017, at which members will discuss and vote on the following motion:

“That members support the Club applying for a \$100,000 self-supporting loan from the City of Busselton, repayable over a 10 year term at an interest rate as per the current Western Australian Treasury Corporation rate, for the purpose of part financing the construction of a new Boat Storage, Junior Clubrooms, Sail Training Centre and Caretakers Residence building.”

The outcome of this meeting will be advised to members of the Finance Committee and Council at their meeting.

Should the City of Busselton approve, by absolute majority, the application from GBYC the proposal will be subject to the giving of **one month's local public notice in accordance with** Section 6.20(2) of the Local Government Act 1995 – “Power to Borrow”.

OFFICER COMMENT

The GBYC has strong membership and recently became an accredited Australian Sailing ‘Discover Sailing Centre’. It is the only club in the South West Region with the equipment and registered trainers able to offer junior sail training, under the nationally accredited “Tackers” training program.

The club has invested \$16,000 into six new “Tackers” junior sailing yachts and is funding the training of additional Club members to provide nationally accredited sail training for juniors and adults wishing to learn to sail.

The expansion of the Club’s sail training programs requires a new sail training centre facility, to deliver high quality off-water theory and rules training to program participants (both member and non-member), and enable elite level coaching to be offered to GBYC members and visiting Clubs.

This training centre will also be used by the Naturaliste Sports and Game Fishing Club and the Geographe Outriggers Club, who are affiliate members of the GBYC.

The new boat and equipment storage building will be used to securely store the six new ‘Tackers’ along with six 420 Class training yachts, plus other sailing dinghies and equipment owned by the club and used for sail training. Improved security and protection from the weather will extend the working life of the boats and reduce ongoing maintenance costs.

The current junior clubroom is very small and struggles to accommodate the club’s existing junior membership of 60. The projected increase in membership generated by the ‘Tackers’ and ‘Discover Sailing’ training programs, will render this facility totally inadequate for the needs of the growing number of junior members.

Quality junior clubroom facilities are a vital part of building and retaining junior membership and

ongoing participation in sailing. A strong junior membership is essential to the ongoing development of the Club, as it provides the foundation for building stronger numbers of full adult members into the future.

Finally under the terms of the new GBYC's lease agreement with the City of Busselton, the Club is required to provide suitable accommodation if a caretaker is to reside on the premises and the proposed new caretaker's residence will do this.

CONCLUSION

The club has a proven record with the City of Busselton in respect to Self-Supporting loans having, in most recent history been responsible for the following self-supporting loans, which have all been fully repaid in accordance with the individual loan agreements:

Year	Loan Amount	Interest Rate
1998	\$10,000	8.6%
2004	\$20,000	7.55%
2005	\$90,000	9.37%

Western Australian Treasury Corporation rates quoted on 18 January 2017 show an indicative borrowing rate of 3.08% for a 10 year loan term with 0.7% additional being charged through the Government Guarantee Fee. These borrowing rates are significantly lower than the GBYC has previously borne.

The GBYC has demonstrated the need for upgrade to their facilities, has a proven financial record, is the only Club in the South West Region with the equipment and registered trainers able to offer junior sail training, under the nationally accredited "Tackers" training program which is both member and non-member and enables elite level coaching to be offered to GBYC members and visiting Clubs.

The GBYC has also demonstrated its cooperation with other clubs noting that the training centre will also be used by the Naturaliste Sports and Game Fishing Club and the Geographe Outriggers Club, who are affiliate members of the GBYC.

For these reasons Officers recommend that the request be approved.

OPTIONS

Should Council not approve the request from GBYC, they will need to look at the following options:

1. Reduce the scope of works,
2. Look at other fund or loan options, or
3. Not proceed with the upgrade to facilities.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Should the request be approved action will be taken immediately to implement the recommendations of the Council.

Committee Recommendation and Officer Recommendation

F1702/006

Moved Councillor G Bleachmore, seconded Councillor P Carter

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That the Finance Committee recommends to Council with respect to the Geographe Bay Yacht Clubs' request for a self-Supporting Loan in the amount of \$100,000 for a term of 10 years:

- a) Approves the request,
- b) Gives one month's local public notice of the proposal in accordance with Section 6.20(2) of the Local Government Act 1995 – "Power to Borrow",

- c) Advises the Geographe Bay Yacht Club that it must obtain all relevant development and building approvals from the City prior to any Loan funds being disbursed,
- d) Borrows the funds sought by the Club from the Western Australian Treasury Corporation in accordance with the Master Lending Agreement,
- e) Enters into a “Loan Repayment Agreement” with the Geographe Bay Yacht Club where the club acknowledges it is responsible for reimbursement to the City of Busselton of full costs associated with the loan,
- f) Prior to formalisation of the loan facility, the Geographe Bay Yacht Club executes a lease with the City in respect of a portion of Lot 4539, 2 King Street, West Busselton, pursuant to Council Resolution C1604/088. The lease is to include an additional clause to the effect that default in respect of the loan shall be regarded as a default under the lease, which could result in termination of the lease, and
- g) Amends the 2016/2017 Municipal Budget to recognise the relevant income, expenditure and any associate loan movements; noting that there will be no impact on Councils projected Surplus position.

CARRIED 3/0

6.7 ASSET MANAGEMENT

SUBJECT INDEX:	Asset Management Report
STRATEGIC OBJECTIVE:	Infrastructure assets are well maintained and responsibly managed to provide for future generations.
BUSINESS UNIT:	Engineering and Facilities Services
ACTIVITY UNIT:	Engineering and Works Services
REPORTING OFFICER:	Asset Management Officer - Barrie Naylor
AUTHORISING OFFICER:	Manager, Engineering and Facilities Services - Daniell Abrahamse
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

Asset Management Report

BACKGROUND

NA

STATUTORY ENVIRONMENT

NA

RELEVANT PLANS AND POLICIES

Parks and Gardens, kookaburra Caravan Park and Waste Transfer Station Asset Management Plans.

FINANCIAL IMPLICATIONS

Effect of Donated assets and unit costs on Fair value of asset Porfolio.

Long-term Financial Plan Implications**STRATEGIC COMMUNITY OBJECTIVES**

N/A

RISK ASSESSMENT

N/A

CONSULTATION

NA

OFFICER COMMENT**Donated Assets.**

As at the end of January 2017, the value of donated assets, (excluding Parks and Gardens), for this financial year, sits at \$7,601,330. This can be broken down as follows:

Asset Group	Current value	Annual Budget (12 mths)
Parks and Gardens	Not Calculated	\$3,800,000
Drainage	\$1,280,860	\$4,250,000
Footpaths	\$680,000	\$1,250,000
Roads and associated assets	\$5.640,470	\$4,500,000

The value of Road donated assets year to date has already surpassed the budget estimate, and will only continue to increase. Other assets appear to be about on target with the budget estimates. The principle source of these donated assets has been the Dawson Vasse Development and Dunsborough Lakes. Road assets have been boosted by the reconciliation of boundary roads and a bridge between the City and Augusta Margaret River Shire Council and the impending hand over of the Old Bussell Hwy, (Northerly St), and bridge from MRWA.

Parks and Gardens

Assets are continuing to develop the asset portfolio for these assets by collecting data and converting existing as-constructed data in to more usable and mappable formats.

Kookaburra Caravan Park.

An individual asset management plan for the Caravan Park is now well advanced and this is likely to be presented to Council during February or March 2017.

Waste Transfer Station.

The new Rendezvous Road Waste Transfer Station (RWTS) has had all its component assets, costs and values included in the relevant asset registers, (e.g. roads, kerbs, signage building etc.), It also has its own asset register encompassing every asset within the development. This register records where assets are listed and valued within other registers in order for the City to see and overall picture of the RWTS.

Roads.

The roads asset register has been updated with completed rehabilitation, expansion, donated assets and the latest unit rate costs, (including the reduction in Asphalt/Bitumen costs). This affects the fair value calculations of the City's road assets on an ongoing basis as we update the portfolio in terms of new and improved assets. The register is also being extended to encompass a detailed register and valuation of the City's Traffic Management Devices,(TMD'S), This category of sub assets contains such assets as roundabouts, medians, islands, pedestrian crossings, road humps etc.

CONCLUSION

NA

OPTIONS

NA

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

NA

Committee Recommendation and Officer Recommendation

F1702/007

Moved Councillor G Bleechmore, seconded Councillor P Carter

That the Finance Committee notes the Asset Management Report.

CARRIED 3/0

6.8 DUNSBOROUGH and DISTRICTS COUNTRY CLUB - SELF SUPPORTING LOAN REQUEST

SUBJECT INDEX:

STRATEGIC OBJECTIVE:	A City of shared, vibrant and well planned places that provide for diverse activity and strengthen our social connections.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director, Finance and Corporate Services - Cliff Frewing
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Attachment A DDCC Self Supporting Loan Request Attachment B DDCC Minutes Special General Meeting Attachment C Outcome Letter Community Bids 2016-2017 DDCC

PRÉCIS

The Dunsborough and Districts Country Club (DDCC) has requested that the City of Busselton provide a Self-Supporting Loan for \$114,000, for a term of 10 years, to provide finance to complete the construction of two (2) new tennis courts, resurface the 2 synthetic courts and apply a new coat of paint on the two (2) existing hardcourts.

BACKGROUND

The Club prepared and subsequently adopted a 5 Year Strategic Master Plan 2015-2020. That documents future plans for the various sporting sections of the Club and facility upgrade and maintenance. The tennis section prepared plans for the construction of two additional hard courts and the re-surfacing of the 2 existing synthetic courts (Dunsborough Tennis Courts Upgrade 2017 - the Project).

At Special General Meeting of DDCC was held 22 January 2017 where the following motion was *put to the vote and passed unanimously*:

"That the Dunsborough & Districts Country Club (Inc) apply to the City of Busselton for a \$114,000.00 loan, repayable over 10 years to complete the construction of two (2) new tennis courts, resurface the 2 synthetic courts and apply a new coat of paint on the two (2) existing hardcourts."

Project Cost

The Project was costed out at \$214,000 and specifically involves the construction of 2 hard courts, associated fencing, stormwater treatments, hard surfacing, laykold coating, net post installation, line marking, an upgrade of the 2 synthetic courts with new synthetic material and a final laykold surface coat on the existing 2 hard courts.

Project Income:

City of Busselton (Community Bid Program)	\$50,000
Department of Sport & Recreation	\$50,000
City of Busselton Self Supporting Loan	\$114,000
TOTAL PROJECT INCOME	\$214,000

By way of further background the need for more courts and improved tennis facilities was established through increasing demand for more playing space resulting from increasing Club membership, growth in junior coaching and the general public/casual usage (visitors to the region & local community non-Club members).

All sporting sections at the Club are growing to the extent that there are now over 710 registered members. Tennis section membership has trebled over the past 3 years (from 35 to 108) and there is a further 60 juniors participating in coaching and regional pennant competitions (mostly from the Local schools).

Increased player participation is monitored partially by the court booking/hire sheets, increased junior coach feedback and the increasing number of players "sitting off" during Saturday social tennis.

During the months of November through until March there are regularly 10-15 players "sitting off" during Saturday social tennis (Members & general public visitors).

The downside of an increasing junior presence in Dunsborough is that Junior coaching occurs 5 evenings per week and is causing court overload issues restricting access to the courts to Club members as well as social users. The Club sees the importance of a strong Junior program and is working around the court pressures by ensuring that strict court management is in place, but it highlights the importance of additional courts to cater for this growing need.

There are no other Public tennis courts available in the Dunsborough/Yallingup district, so all the demand is focused on the existing four (4) Club courts.

The population of Dunsborough as at June 2016 is 8,200 (City of Busselton Population Projections June 2016) combined with a growth rate of over 3.5% and coupled with an increasing tourist visitation to the district, especially during the school holiday and summer months, further adds weight to the urgent need for more tennis courts.

STATUTORY ENVIRONMENT

Section 6.20 of the Local Government Act 1995 – "Power to Borrow"

"6.20. Power to borrow

(1) *Subject to this Act, a local government may —*

- (a) *borrow or re-borrow money; or*
- (b) *obtain credit; or*
- (c) *arrange for financial accommodation to be extended to the local government in ways additional to or other than borrowing money or obtaining credit,*

to enable the local government to perform the functions and exercise the powers conferred on it under this Act or any other written law.

(2) *Where, in any financial year, a local government proposes to exercise a power under subsection (1) (**power to borrow**) and details of that proposal have not been included in the annual budget for that financial year —*

- (a) *unless the proposal is of a prescribed kind, the local government must give one month's local public notice of the proposal; and*
- (b) *the resolution to exercise that power is to be by absolute majority.*

(3) *Where a local government has exercised a power to borrow and —*

- (a) *it does not wish to proceed with the performance of the function or the exercise of the power for which the power to borrow was exercised; or*
- (b) *after having completed the performance of the function or the exercise of the power for which the power to borrow was exercised, any part of the money borrowed, credit obtained or financial accommodation arranged has not been expended or utilized,*

the local government may resolve to expend the money or utilize the credit or financial accommodation for another purpose if one month's local public notice is given of the proposed change of purpose.*

** Absolute majority required."*

RELEVANT PLANS AND POLICIES

The City of Busselton Strategic Community Plan 2013 (Review 2015).

FINANCIAL IMPLICATIONS

Any Self-supporting loan is self-funded and will have no impact on Councils current Municipal Budget or Long Term Financial Plan.

Long-term Financial Plan Implications

As above.

STRATEGIC COMMUNITY OBJECTIVES

Key Goal Area 2:

Well Planned, Vibrant and Active Places:

Our Community Objectives are:

2.1 A City where the community has access to quality cultural, recreation, leisure facilities and services.

Council strategies to support achievement of community objectives -

- > Ensure our sporting and recreational facilities meet the needs of our growing community.

RISK ASSESSMENT

The Club also has a proven track record with respect to repayment of Self- Supporting loans taken through the City and has strong membership growth.

CONSULTATION

At Special General Meeting of DDCC held 22 January 2017 the following motion was *put to the vote and passed unanimously*:

"That the Dunsborough & Districts Country Club (Inc) apply to the City of Busselton for a \$114,000.00 loan, repayable over 10 years to complete the construction of two (2) new tennis courts, resurface the 2 synthetic courts and apply a new coat of paint on the two (2) existing hardcourts."

Should the City of Busselton approve, by absolute majority, the application from DDCC the proposal will be subject to the giving of **one month's local public notice in accordance with** Section 6.20(2) of the Local Government Act 1995 – "Power to Borrow".

OFFICER COMMENT

At its meeting on 10 August 2016, Council considered the first round of Community Bid applications for the 2016- 17 financial year and approved the following amount of funding for this project:

Purpose: *Dunsborough Tennis Courts Upgrade*

Funding: *\$50,000*

Specific Conditions: *Nil*

The DDCC has strong membership, there are now over 710 registered members, with the Tennis section membership having trebled over the past 3 years (from 35 to 108) and there is a further 60 juniors participating in coaching and regional pennant competitions (mostly from the focal schools).

There are no other Public tennis courts available in the Dunsborough/Yallingup district, so all the demand is focused on the existing four (4) Club courts.

CONCLUSION

The club has a proven record with the City of Busselton in respect to Self-Supporting loans having, in most recent history been responsible for the following self-supporting loans, which have all been fully repaid in accordance with the individual loan agreements:

Year	Loan Amount	Interest Rate
2007	\$300,000	6.79%
1994	\$193,000	10.3%

Western Australian Treasury Corporation rates quoted on 18 January 2017 show an indicative borrowing rate of 3.08% for a 10 year loan term with 0.7% additional being charged through the Government Guarantee Fee. These borrowing rates are significantly lower than the DDCC has previously borne.

The DDCC has demonstrated the need for upgrade to their facilities, has a proven financial record and there are no other Public tennis courts available in the Dunsborough/Yallingup district.

For these reasons Officers recommend that the request be approved.

OPTIONS

Should Council not approve the request from DDCC, they will need to look at the following options:

1. Reduce the scope of works,
2. Look at other fund or loan options, or

Not proceed with the upgrade to facilities.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Should the request be approved action will be taken immediately to implement the recommendations of the Council.

Committee Recommendation and Officer Recommendation

F1702/008

Moved Councillor P Carter, seconded Councillor G Bleechmore

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That the Finance Committee recommends to Council with respect to the Dunsborough and Districts Country Club request for a self-Supporting Loan in the amount of \$114,000 for a term of 10 years:

- a) Approves the request,
- b) Gives one month's local public notice of the proposal in accordance with Section 6.20(2) of the Local Government Act 1995 – "Power to Borrow",
- c) Advises the Dunsborough and Districts Country Club that it must obtain all relevant development and building approvals from the City prior to any Loan funds being disbursed,
- d) Borrows the funds sought by the Club from the Western Australian Treasury Corporation in accordance with the Master Lending Agreement,
- e) Enters into a "Loan Repayment Agreement" with the Dunsborough and Districts Country Club where the club acknowledges it is responsible for reimbursement to the City of Busselton of full costs associated with the loan, and
- f) Amends the 2016/2017 Municipal Budget to recognise the relevant income, expenditure and any associate loan movements; noting that there will be no impact on Councils projected Surplus position.

CARRIED 3/0

7. GENERAL DISCUSSION ITEMS

Nil

8. NEXT MEETING DATE

Thursday, 2 March 2017

9. CLOSURE

The meeting closed at 10.44am.

THESE MINUTES CONSISTING OF PAGES 1 TO 38 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON THURSDAY, 2 MARCH 2017.

DATE: _____ PRESIDING MEMBER: _____